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East Europe Report



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30 JUNE 1986

EAST EUROPE REPORT

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ECONOMY

GERMAN DEMOCRATIC REPUBLIC

STATUS OF COMBINES IN MID-80's REVIEWED; PROBLEMS, PROSPECTS

West Berlin FS ANALYSEN in German No 4-1985 (signed to press Dec 1985) Part I
pp 71-125

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Appendix 1. Selective Reorganization Measures for Combines and Enterprises in the 1981-1985 Five-Year Plan Period

Appendix 2: Survey of 171 Centrally Managed Combines in the GDR

1. On the Status of the Combines

a) Definition of the Problem

The concentration of almost all state enterprises in combines since the early 1980's represented the central reform factor introduced by the GDR economic leadership. Expectations were high with regard to the speed-up of intensification and innovation. In the course of the reports presented this morning (1), important factors on the national development as well as the SED's economic policy were described. We should remember that as early as the beginning of this five-year plan period, one of the outstanding GDR economists quite properly objected to the manner of the reformation of combines. In many cases, he said, it amounted to no more than an "act of centralization, the combination of various enterprises under uniform management." (2)

At the beginning of the five-year plan period, adequate subsequent regulations on the reformation of business management and the internal organization within the combine were often lacking.

From their personal knowledge of events, former GDR insiders now resident in the FRG confirm the fact of a frequently purely formal reorganization, a simple change in the firm's shingle from VVB [association of state enterprises] to combine.

At the September 1983 Conference of SED Economists, Guenter Mittag, one of the most senior SED economic officials, praised the process of combine establishment as having been carried out resolutely and "step by step." (3) However, critical statements made at the same conference might have had an almost opposite result.

All the more important, therefore, is the question of the present status of integration of combine enterprises in the combine, the organization of the internal economic circulation in the combine and the development and "perfection" in the past 3 years. More than 100 measures and regulations (listed in the appendix) have up to now in this five-year plan period made provision for various efforts at the development of business management and the economic circulation in the combine.

Not taken into account here is a presumably even greater incidence of unpublished directives or administrative instructions.

b) On Combine Organization Since 1978

To begin with, we must cite some statistical data on the topic of our survey. By the beginning of the 1981-1985 five-year plan now coming to an end, the process of general combine establishment and reorganization, initiated in

1978, had been largely completed for centrally managed industry. About 1 year later, the majority of district managed state enterprises had also been integrated in district managed combines. Subsequent additional reorganizations, changes in subordination or mergers of combines and also of enterprises mainly affected industry. Another important organizational factor was the basic affiliation or inclusion of foreign trade enterprises.(4)

Since then centrally managed combines in industry have fluctuated around a figure of 133; reestablishments accounted for about 60 percent of this total at the beginning of the five-year plan period. The numbers of centrally managed combines in other sectors of the economy have since risen. The figure of 175 combines (5) often cited in the GDR refers to combines in various sectors of the economy (industry, construction and transportation). The code system published this year lists a total of 171 centrally managed combines (see the survey in the appendix) (6), three fewer than Koziol recently mentioned at a conference with respect to 1985.(7) Heading the major combines with 60,000-70,000 employees or more were the combines Fortschritt [Progress] (producing, among other items, farm machinery as well as plant for farm and industrial equipment), Baumwolle [cotton] and Robotron (general purpose computers and job oriented data processing including peripherals and software, and so on). At the other end of the scale are district managed combines with far fewer than 1,000 employees. The figure of 124 (Krenz: 126) combines is cited here for industry and construction.(8)

c) On Business Management in the Combine

The 1979 combine decree conceded to the combine manager relatively extensive powers for the responsible, more shop floor oriented and production appropriate development of the organization of the structure and operation of all enterprises subordinated to him. The provisions of the combine decree dealt with the "basic model" of a combine and the possibilities for further organizational diversification. Some elements of this were mentioned this morning in Professor Thalheim's lecture.(9) At the September 1983 Conference of GDR Economists, Mittag explained the most important economic terms for the combines and the management of the "circulation" of intensively expanded reproduction in the combine.(10) These conceded greater enforcement powers mainly to the general directors of combines. The chief goal was the best possible combination of production factors for plan fulfillment. As you know, in the West as well as in the GDR this gave rise to expectations of more reforms and greater decentralization.(11) However, these powers of the combine management inevitably collided with those of the combine enterprises that had preserved their formal and legal independence, and ambiguous power demarcations thus persisted--probably quite deliberately. Even before that, the enterprise-combine relationship had been the topic of lively discussions.

The problem has lost none of its topicality. At an "exchange of opinions" with GDR politicians in early November 1985, SED General Secretary Honecker indirectly emphasized this basic and hitherto unsolved problem of combines in the GDR: "At the same time, the combine is made up of enterprises, each of them getting its state plan targets just as the combine as a whole, and each of them also operating in accordance with economic accounting. In legal and economic terms, therefore, the enterprises of a combine are independent and

have their own names."(12) We will later deal in greater detail with the question of the present status of combines and their enterprises.

To provide linguistic documentation of the successful coherence and interlinking of economic processes in the combine, a new term--"combine pertinent"--is often used in the GDR instead of the term "enterprise pertinent." It is applied to all events that affect the combine as a whole rather than the individual combine enterprise. Some extreme proposals such as that of advancing to a "combine management science" from a much discussed "socialist management science" have not so far met with any success in the GDR.(13)

One of the main topics discussed in recent years has therefore been this: What is the current status of the internal organization of processes of operation in the combine? Have all combines managed to realize processes of operation ranging from research to sales as well as the internal organization of production programs for replacement parts, consumer goods and rationalization aids as well as main production programs?

Where do obstacles, sources of conflicts and problems of conflicts of interests persist, that threaten the mobilization in the new five-year plan for better performance and new intensification effects of a qualitative not only quantitative nature?

2. Problems of Combine Development

Since the early 1980's, combines have been confronted basically with two important groups of problems:

- First the continuing and traditional functional weaknesses (such as the principle of "soft plans" or the collection of "cushions" of materials of all kinds). The GDR has tried for decades to get rid of these.
- Secondly, new and combine specific problems tended to arise. These must be considered a consequence of the prevalence of combine establishment and the implementation of a so-called largely self-sufficient reproduction process.

These combine specific problems did not begin with the 1981-1985 Five-Year Plan, but they gained considerably greater importance in recent years and have been increasingly discussed at many GDR conferences. Quite often they seem to be the result of unexpectedly resistant structures in the enterprises. At the 1983 Conference of GDR Economists, Guenter Mittag reported a striking example of the combines' lack of interest in marketing--and that is only one of the significant problems: "National responsibility applies to management at all levels, down to the individual work place. Managers are personally responsible for the accomplishment of the tasks assigned them ... This personal responsibility is at the root of the principle of one-man management is still being said in some combines so as to justify their performance. People there do feel responsible for producing a set quantity of items, but sales seem to them a dimension quite irrelevant to their own efforts.

Evidently they are mistaking the effect for the cause. It is the standard of production that decides sales. Sales will not cause any trouble to those who

offer new and popular products and supply the necessary quantities. who promptly respond to new trends in the demand, who promptly organize a highly efficient and properly costed quality production. On the other hand, those who cite the lack of sales as an alibi for large stocks and, therefore, reduced output efficiency, have failed to comprehend the true nature of the economy. In socialism, too, the reproduction process has been concluded only when the product is sold."(14)

Mittag's appeal to some combines certainly does not apply to one extreme case only and with equal certainty looks to foreign trade problems also. We must ask ourselves, though, in how far the basic question of the combine's power of integration is particularly serious in the case of the new combines rather than that of the relatively small number of traditional and long established combines. It seems striking that, at the annual conference of general directors, held in Leipzig in spring 1985, Mittag emphasized the necessity "for each combine most resolutely to advance toward comprehensive intensification."(15) In addition to including the demand for a large extent of further processing, the greatest possible labor productivity and reduction in production consumption, it also means: "It is imperative for each combine to do everything possible to most efficiently organize the circulation of intensively expanded reproduction. This presupposes the general director's uniform management in accordance with the most up-to-date standards."(16)

A final remark is needed for the overall connection between production and combine organization. As we also heard this morning, in recent years GDR statistics for centrally managed industry usually boasted large growth rates for net output and labor productivity. According to the statistics, production consumption has steadily declined since 1981. However, we are still unable to answer one pertinent question: We are by no means able to exclude the possibility that the savings in production consumption have been overcompensated rather than merely compensated after the 1985 conversion to a realistic price basis. This assumption appears justified by examples taken in recent years from the annual industrial price increases in the GDR as well as by the effects of the farm price reform--especially because the GDR economic leaders indirectly bear out such assumptions.

In contrast to the successes reported, the GDR economic leaders are in fact adopting measures as if they were encountering more problems than successes. Legislation was running in high gear in 1982-1984, materials balancing has been made more stringent, while rationing, more frequent commands or bans with respect to utilization and additional sanctions and controls were imposed. All of this provides a set of tools designed to cope with crises. Most of these measures are aimed at the sphere of qualitative factors.

Many remarks in the current discussion of net production and profit seem to indicate that zeal in raising net production has failed in many combines and enterprises to bring about a better qualitative result accompanied by the respective efficiency.

At a conference of scientific councils at the GDR Academy of Sciences in January 1985, Peter Hoss, section head in the economic research institute of the State Planning Commission, raised the following points:

"I would like to talk about two particular problems (that seem to be very important indeed) relating to the method of operation and the efficiency of economic accounting.

First of all about the function of profit in economic accounting ... Profit is able to fully accomplish its function in the socialist economy if its economic statement is guaranteed. Much valuable work has been done in this respect in recent years, for example the measures for fixing new factory prices, the adjustment of rates of profitability, the introduction of the contribution to social funds, and so on. Unfortunately we have not yet been able to properly continue these advances with respect to the improvement of profit planning. In many combines and enterprises, the targeted net profit is either far exceeded or far from achieved. This is not just a reflection of excellent or inadequate performances by these economic units; it indicates problems with respect to the mastery of planning these indices. I consider this one of the reasons why profit has not yet fully taken its place as a central category of economic accounting. The second reason is to be found in the very interpretation of the operational mechanism of economic accounting. The principle that anything benefiting the national economy must also benefit the combines and enterprises certainly holds true for profit also ... Management efforts to make a profit ... may not be discarded when certain fixed upper limits have been reached. The earning of higher profits must have greater beneficial effects on the reproduction of combines and enterprises without becoming an automatic relation."(17)

3. Key Issues of the Development of Business Management in the Combine

Two unpublished SED Politburo decisions of autumn 1981 and February 1983, in particular, set the tone for two phases of new regulations in the five-year plan period. They were supplemented by a joint SED Politburo and GDR Council of Ministers' decision of September 1983, relating to the sphere of investments and fixed asset reproduction.(18) The first outstanding regulation, published in early 1982, was the "Decree on the Further Perfection of Economic Accounting on the Basis of the Plan" (19), a basic prescription for the organization of management in the combine. In retrospect, the six main points, commented at the time by Rost, deputy chairman of the State Planning Commission, are of special interest, because they are offered as guidelines for many of the regulations now implemented:

- "1. The improvement of cost planning and its normative basis.
2. The closer connection of performance and efficiency development as well as of fund formation and use.
3. Showing actual national costs by way of industrial prices.
4. Speeding up and increasing the economic efficacy of science, technology and investments.
5. Greater combine responsibility for the accomplishment of foreign trade tasks.

6. The improvement of working capital planning and speeding up the turnover of stocks by means of the new regulations on credit, interest and the production fund tax."(20)

The response to the end 1981 Politburo decision consisted in a multitude of new measures in 1982 and 1983. They emphasized the planning of science and technology, factory management and the contract law.(21)

A second lot of measures, inspired mainly by a February 1983 Politburo decision (22), added more and important directives on financial management, appraisal problems, the investment sector and on ensuring quality. They took effect in early 1984 and 1984.(23)

Two factors attracted particular attention:

First: The unusually short-term replacement and amendment of some measures only just enacted, for instance the financing directive and the performance fund as well as the revision of entire sections of the 1981-1985 Planning Order for the GDR National Economy by the time the five-year plan had run for half its term.

Second: The evident increase in direct state control, in particular with respect to quality assurance, investments and the tasking workbook as well as management and research in the second half of the five-year plan period; although the influence of economic accounting was supposed to dominate management and technology from 1982 on.

Not least as the consequence of disparate innovations, the extent of acute factory management problems has barely diminished, while the combine managers were compelled to accept restraints on their scope of action. It is impossible to otherwise interpret some new regulations with a centralizing impact down to the factory managerial sphere. I will demonstrate this situation hereafter by citing some selected examples of development trends in the sphere of planning and economic accounting, including some current problems involving appraisal corrections.

4. Development Trend: Planning and Balancing in the Combine

a) Planning Methodology and Planning Problems

The combine is at one at the same time an important planning organ and subject to central state planning.(24) It also continues to be the crucial and problematic sector of planning. Some interesting experiments in selected combines, conducted in the early 1980's, are worth mentioning for the basic problems they raise. Involved were attempts at direct plan coordination and balancing between the State Planning Commission and combines with respect to major indices or, as reported on the occasion of a conference at Humboldt University in East Berlin: "The attempt was made to defend and balance the major indices of centrally managed combines directly at the State Planning

Commission. That, however, tended to diminish the role of the industrial ministries..."(25)

The experiments were soon abandoned. This was certainly not due only to the loss of powers of the industrial ministries which had been replaced as important coordinating agencies. As Schneider reports based on his own familiarity with the GDR economy, another circumstance appears more significant. This latter is certainly remarkable and worth bearing in mind with regard to practical reforms. To put it in simple terms: The extent of the aggregation of planning in the State Planning Commission makes for such a wide gulf between the two planning partners that it needs a ministry to act as a coordinating bridge. Or, to cite Schneider: "In fact there were some attempts to proceed to the plan rounds and plan defenses of combines directly with the State Planning Commission, largely circumventing the ministries but in the presence of the Council of Ministers' chairman. The experiment failed after fewer than 20 combine defenses. The partners involved were definitely unable to cope, since they lacked the prerequisites for this qualitative leap."(26)

The extent of planning methodology has expanded in 1981-1985 for combines and enterprises as the consequence of a basic planning by combines (via the ministries). Additional tasks were concerned with long-range planning and forecasting in the branch sector, assigned the combines without any guarantee that the latter are in fact able to accomplish them.

1986-1990 planning stresses the working out of a "further processing conception" as another special concern. Meant is a specific management tool, the range of which runs from an "early warning system" to the inclusion of set conceptions, strategies and resources.(27)

b) Further Processing Conception

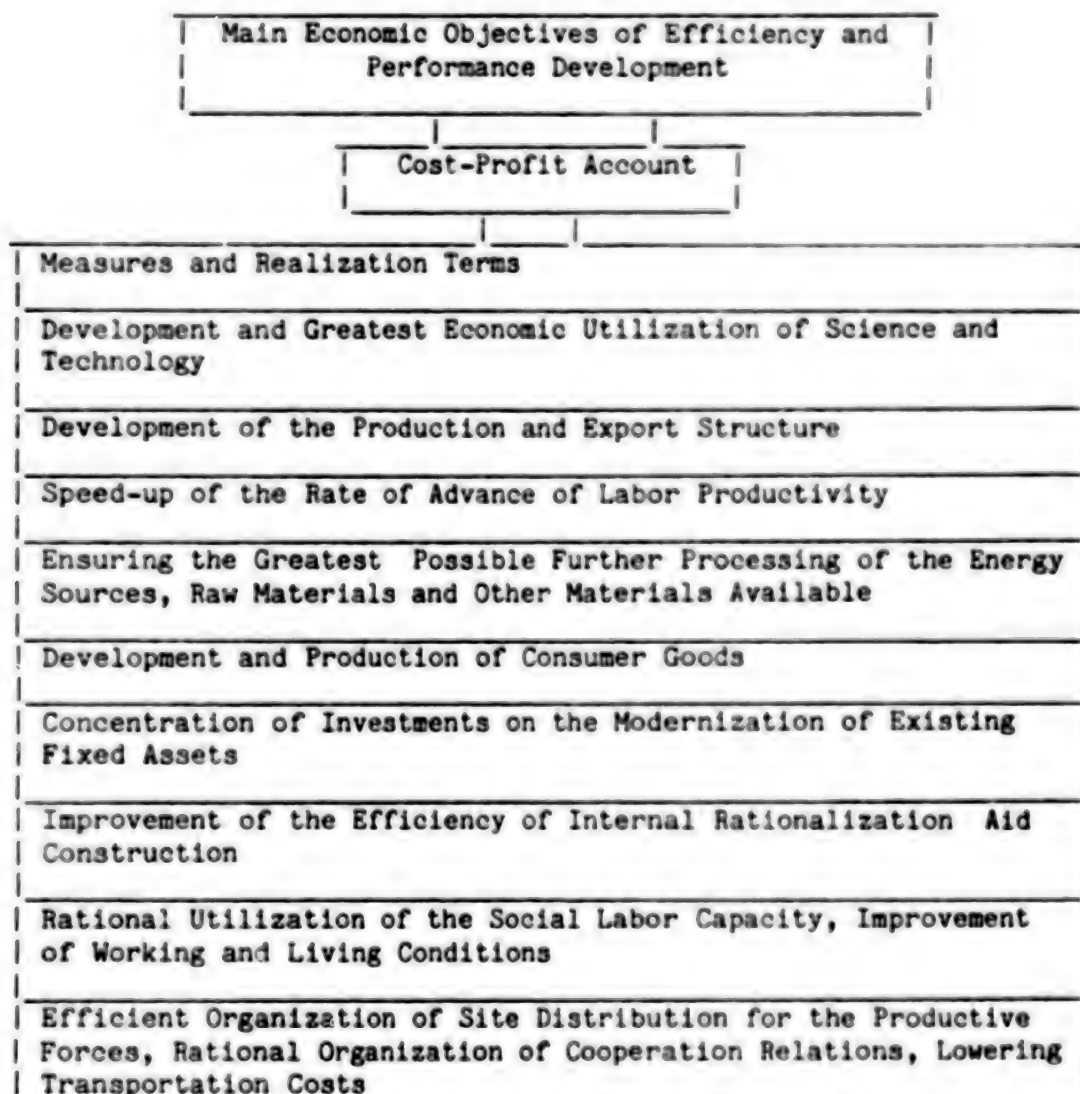
To prevent misunderstandings and also in view of the fundamental significance of these measures for the 1986-1990 Five-Year Plan period, it is necessary to add some remarks with respect to the term "further processing conception." The starting point is a general explanation as provided by a commentary to the new planning order: "Further Processing involves the entire circulation of intensively expanded reproduction."(28) In this meaning, the further processing conception represents a new strategic management tool prescribed to combines and ministries. Basically, though, it represents a comprehensive method for strategic enterprise planning designed by constantly adjusted and planned integration of targets, resources and procedures to control the actual production process with a minimum of uncertainties.

At the CC seminar with general directors and SED economic officials, held in Leipzig in March 1985, Mittag already indicated (29) the importance of the further processing conception as a new tool for management and planning in order to convert long-range conceptions to "improved" five-year plans.(30) Upon closer scrutiny, both the skeleton structure and the definition of a further processing conception hint at the extent of difficulties bound to arise upon realization in the practical management of the combines.

Economists at the Institute for the Political Economics of Socialism of the Academy for Social Sciences at the SED CC offer an interesting definition of the further processing conception:

"The further processing conceptions must ... be considered a special management tool, not replaceable by any other and indispensable for the substantial organization and cohesion of long-range conceptual work in the various fields as well as the translation of long-range development targets into concrete and obligatory plan tasks. In this manner, further processing conceptions will increasingly turn into links between the long-range conceptual work of combines and plan preparation and plan support for the five-year plan in particular."(31)

Skeleton Structure of a Further Processing Conception (32)



The realization terms in the skeleton structure conceal the real problems when, for instance, the quick availability of data on market conditions of the export structure is assumed for this further processing conception, although it needs far more time to work up these data--provided the combine in fact disposes of proper market research. There is also the danger that trend

computations or the use of mathematical methods may achieve a pseudo accuracy for long-range planning, something that in the conditions prevailing in the GDR is all too likely to result in faulty planning.

In general, the principle of the processing conception is nothing very new. Similar model conceptions for a system of long-range planning were already known in the late 1960's. They took the form of a "multistage" process beginning with a forecast (33), including the corresponding "independent planning of the part systems." (34) One of the most important was the so-called AUTEVO conception (35) relating to the rationalization of technical production preparation. However, in practice this turned out to be almost inachievable. At the present time the use of microelectronics offers better opportunities, in particular with regard to procedures involving automatic data processing and the "C technologies", lately increasingly encouraged in the GDR, or CAD/CAM technology. (36) After some exarly experiences (37), the SED rightly places a very high value on it as a productivity factor. (38)

c) The Primacy of Central State Planning

The addendum "on the basis of the plan" to the basic 1982 regulation on the further perfection of economic accounting emphasizes the primacy of central state planning in the GDR. This special role of central state planning and balancing is constantly stressed in all variants.

The organizational structure for independent combine planning has shrunk for several reasons. As far as the combine enterprises are concerned, it made virtually no difference anyway whether they got state plan targets handed down by the combine or were assigned combine internal targets by the combine management. This is now only one of the many issues within the scope of an interesting and very comprehensive discussion on legal questions involved in planning and on the status of state and combine interests in the GDR. (39)

It seems that, in the course of the last five-year planning period, the method of "state orders" as priority planning for top products has been expanded. These orders are also coupled with priority balancing. Disregarding the possibility of a designation of special managers for such orders, "state orders" are mandated to be subject to special SED supervision.

Like its predecessor, the 1981-1985 Planning Order, initially worked out and claiming to aim at greater stability and continuity, was unable even remotely to meet this objective. On the contrary, it was amended and expanded each year and--halfway through the five-year plan--in part revised by the exchange of crucial plan parts (in particular plan indices and materials balancing). (40) Although the new 1986-1990 Five-Year Plan has not yet started up, it has already been expanded and amended by new requirements in a first supplement. There is another and quite decisive point: A not entirely new planning principle, actually practiced since 1974, was legally settled.

At the end of 1984, a new "Order on Quarterly and Monthly Planning as well as on the Freeing and Efficient Utilization of Material Funds" of 3 December 1984 was published. (41) To a certain extent and with effect as of 1 January 1985 this actually stipulates mandatory 10-year planning (for selected factors)

("10-year objectives," Article 5) including the corresponding balancing. A commentary points to the "cash planning regulations, tried and tested for many years"(42) that, integrated with the new quarterly and monthly planning, are to ensure the coordination of material and financial planning, especially with regard to fund returns. Together with a new decree on Order and Delivery Terms for Raw Materials and Other Materials as Well as Component Products (43), enacted in early 1984, the net of mandatory planning targets and instructions has been noticeably tightened.(44)

In December 1983, the GDR study group on business law discussed future new plan regulations and the legal linkage of "five-year plan, annual plan and quarterly plan."(45) These discussions underline a functional weakness often but unavailing criticized. It is to be improved by new legal regulations. In the course of the discussion at an early mentioned January 1985 conference, it was said "that it is imperative for combines and enterprises not to deliver the bulk of their end product only at the end of the year, the end of the quarter or the last 10 days of the month."(46) This reproof, pronounced in January 1985 by the manager of the Economic Research Institute at the State Planning Commission, could be supplemented by many recent and similar remarks in the GDR, such as criticism of the lacking integration of material and financial planning as well as of the difficulties of coordinating planning and economic accounting.

5. Development Trend: Management and Economic Accounting

a) Notes on the Set of Tools for Economic Accounting

At the beginning of 1982, The SED Politburo responded by the above mentioned measures on the perfection of economic accounting to the then prevailing and complicated three-level system of economic accounting in the combine. Several explanations of the set of tools involved were offered this morning.(47)

Many in the GDR, too, point out the more and more complicated enterprise processes, coordination of which presents considerable problems, specially from national aspects. Only one of these problems will be illustrated here--it stands for all of them. The stimulation of energy and material conservation or similar measures as a field of "economic levers" important for economic accounting was subject to poorly arranged "scattered" regulations. This sector therefore requires urgent revision. The various price and quality instructions, regulations regarding the tasking workbook, the household book or other conservation measures include an enormously varied and broad range of economic stimulation; their reciprocal coordination may be described as unsatisfactory--to put it mildly.

Despite or just because of these well known problems, net profit--one of the most important elements in economic accounting--was once again in the GDR's economic history expressly accorded high esteem as an "indispensable criterion."(48) ("Net production cannot accomplish this task."(49)) In the meantime this place value has also been secured and underlined by propaganda. Abandoning the preeminent status of net profit or its undervaluation would "destroy the internal logic of economic accounting,"(50) not least in the course of perfection by the inclusion of foreign trade processes. The

question about the framework of economic accounting particularly concerns the relationship between combine and combine enterprise or the latter's "classification in the combine as a specific relationship of the part to the whole." (51) Only indirect effects result with respect to the relationship of combine to ministry. Much more interesting is the problem combine enterprise-region (district) or the regional ties of the combine by way of its enterprises and enterprise parts. These three basic issues involve important problems that have been intensively studied in the course of the past 5 years but not yet satisfactorily solved.

b) On the Relationship Combine-Combine Enterprise

As noted above, the issue of the connection between management, planning and economic accounting at different levels represents a still unsolved problem in the relationship of the combine enterprise to the combine. I will here merely mention some suggestions about getting a better grip on the problem by means of legal "ancillary constructions." At a symposium, for example, there was some talk of a "complex legal capacity including all management and cooperation relations" (52) of large economic organizations, "in which case the attribute of a legal person" should be considered only as a "special aspect with regard to property rights." Moreover, the legal minimum status (53) of combine enterprises, regulated by "standardized legal norms" very definitely differed from the business organizational inclusion of the enterprises in the combine.

From the national viewpoint of central management and planning as well as of the combine decree, the combine is generally "the basic economic unit of material production" (54) or an economic unit equipped with state management functions vis-a-vis its enterprises. On the other hand, the combine enterprise (with limited independence) represents the economic unit at the operational level. Still, this is not enough to remove all conflicts of competence. Financial relations, for one, remain a problem, and so do the issues of the powers to dispose of the financial resources of independent enterprises, the redistribution of profits and amortizations within the combine association or the enterprise's inclusion in the combine "as the specific relationship between a part and the whole." (55) Also discussed are possible enterprise claims on future returns when profits are reallocated. New problems emerge in connection with the comparison between GDR and Soviet system regulations, because in the Soviet Union the grant of credit or a loan is admissible within in industry association, for example, while this principle has up to now been explicitly excluded in favor of strict supervision by the banks. (56)

It is not surprising, therefore, that conferences of GDR economists classify the problems of demarcation between combine and combine enterprise as "unsolved problems." (57) Against the background of the general duty to work out strategic management conceptions, such unsolved problems between combine and combine enterprises are bound to obstruct the course of production. This also and not least applies to enterprise stimulation and the principle of the combine enterprise's own earnings of resources, that is adversely affected thereby, to say the least.

c) On the Relationship Combine-Ministry

Relatively clear views have existed for some considerable time with respect to the combine-ministry relationship, as well as basic demarcations of powers between minister, general director and enterprise director. In general, the scope of the industrial ministers has tended to expand rather than narrow. The GDR sharply rejected the introduction of economic accounting in ministries, an issue raised by developments in the Soviet Union.

d) On the Problem Combine and Region

Cooperation or interrelation between centrally managed combines and enterprises and the respective "regional" management agencies has always presented a problem, because central management has traditionally ranked higher. The revision of the Law on the Local People's Representations in the GDR (58) of July last served to strengthen regional rights in the cooperation between centrally managed combines and enterprises and the districts. To be mentioned are pointed suggestions about the siting of enterprises. As you are aware, the enterprise parts and enterprises of many combines are distributed between Rostock and the Thuringian Forest. Rationalization considerations with respect to cuts in the billions of transportation costs are therefore to be expected.

Aside from other important economic aspects, several non-economic considerations are involved with respect to the party hierarchy, the internal "power struggle" between "regional princes" and the SED party center in East Berlin. Early this year, Siegfried Wenzel, deputy chairman of the State Planning Commission, remarked that it was "necessary and possible to find more rational solutions regarding the siting of production, achievable even without additional investments,"(59) thereby presenting new aspects. Renewed revisions in the organizational structure of industry cannot be excluded.

6. Development Trend: Costs, Prices and Assessment

a) Retrospective

Ten years ago, SOZIALISTISCHE FINANZWIRTSCHAFT published a special issue on the "intensification factor cost reduction."(60) Considering the critiques and measures of recent years, it seems that the economic units made very inadequate use of these instructions. The majority of the principles and methods promoted in 1975 are to be found 7 years later in the earlier mentioned basic regulation "On the Perfection of Economic Accounting on the Basis of the Plan" as an important set of tools for the perfection of management, planning and economic accounting. Listed, among others, are cost reports, long-range cost conceptions and cost targets--to raise the compelling force to maintain cost discipline and thinking in business terms. The set of tools closely resembles a strict recovery program. This explains the difficulties experienced by many enterprises in trying to keep up with the annual price revisions by cost changes and produce longer-range cost conceptions. Equally understandable are the opportunities for so-called cost manipulation.

b) 1984/1985 Reforms

Significant reforms in the past 2 years--1984/1985--aimed mainly at a more informative display of costs and the organization of prices. In the second half of the five-year plan, farm price reform came to the fore as well as new central state guidelines for calculation and the introduction of a kind of payroll tax: The contribution to social funds involving additional wage and

salary costs in the amount of 70 percent and on the basis of the wage funds actually spent by the enterprise. This represented a rough adjustment to western dimensions of indirect labor costs of the labor factor in the GDR.

Worth special mention are the four new performance indices, although of course they can function only as well or as badly as prices and costs express "real criteria" (61) from the viewpoint of the GDR. Greater demands on price organization are another consequence of the closer involvement of foreign trade terms.

The two outstanding GDR reforms in 1985, with definitely decisive consequences for each combine and enterprise, are first of all the revaluation of the largest part of fixed assets, in other words GDR invested capital, and secondly the introduction of both a changed basis of assessment and changed rates of assessment for the production fund tax. In many cases, such significant measures affecting the price and cost structure are bound to require combine managers to revise their management principles. Another aspect is the compelling need, brought about by the new assessment structure, for the comprehensive analysis of the entire combine operation.

c) Revaluation of Fixed Assets

The revaluation of fixed assets, generally involving a rise in values for the combine, has many and varied consequences. Revaluation had often been forecast since the mid-1970's. Honecker announced it in November 1984, at the Ninth SED CC Plenum.(62) A brief "Order on the Revaluation of Fixed Assets" (63) of 14 December 1984 provided for revaluation in most of the GDR economy in the first half 1985. At the same time, earlier instructions dating back to the last revaluation in the 1960's, lost effect.(64) The technical press kept very quiet. Only SOZIALISTISCHE FINANZWIRTSCHAFT published a commentary by the head of the Central Agency for the Revaluation of Fixed Assets.(65) The order was preceded by changes in GDR statistics. For the first time the GDR showed its fixed asset stock (machines, plants and buildings but not real estate) on the basis of 1980 prices instead of the formerly used 1966 price base. For more than 10 years, the complicated procedure of revaluation and the enormous amount of work involved therein for the economic administration and the enterprises was considered one of the main reasons for constantly putting it off. This was certainly the reason why the authorities have now chosen a relatively simple or "coarse" method. Still, considering that "no reliable value criteria" (66) at all were available for the fixed assets values of GDR economic units, any adjustment to realistic values, however relatively coarse it may be, is better than nothing. As far as internal calculations are concerned, the reevaluation applies to all indices affected, whether in the manufacturing process or with regard to investments, such as

the rate of discard, the rate of repairs, the profitability of capital assets or the amount of amortizations--all of which were hitherto far too low. The method itself is relatively simple: Combines and enterprises were assigned revaluation coefficients, graduated by inventory item groups and the year of construction of machinery and plant. Exempt from revaluation are fixed assets worth less than M2,000. A practical example of this coarse assessment screen: A relatively standardized assessment is made only according to the first 3 places in the fixed asset nomenclature. For example, all types of machines for the equipment and manufacture of fabrics are here combined (67), including imported capital assets, and these are normally converted by a set coefficient.

General overhauls or modernizations increasing the value must be taken into consideration. This may yield possible conclusions about a rather large proportion of machinery and plant only 5-10 years old. Though the new values are incorporated in 1986 plan drafting and the 1986-1990 Five-Year Plan, they are not included in 1985 plan reporting. Moreover, now write-off rates apply to the new five-year plan as of 1 January 1985 (68); these have replaced the 1955 rates.

d) Production Fund Tax

No explanation is required for the urgent need for a revised regulation of the production fund tax in connection with the above changes.

The "economic lever" production fund tax (PFA) was experimentally introduced in 1964 for some selected enterprises, in the course of the economic reforms of the "New Economic System for the Planning and Management of the National Economy" (1963). From 1967 on, the production fund tax applied generally, as an advance disposal of profits and at a basic rate of 6 percent. It reflected a minimum state claim (capital interest) on the utilization of production funds.

With one exception, the effects then expected are still topical:

- To make for the rational use of funds,
- To encourage the modernization of existing plants,
- To achieve the greatest possible shift utilization,
- To determine the optimum working capital required.

A total reverse occurred in only one instance, the economic benefit of the use of new and highly productive machinery. Nowadays, new and expansion investments are to be the exception. That is why the basis of calculation for the production fund tax has also changed.

It is interesting to note that the discussions of various ideas about the production fund tax, conducted before its introduction in the early 1960's, are definitely significant with regard to the current changes also. At the time, important issues in the exchange of opinions dealt with, among others, the problem of an either standardized or differentiated rate of production fund tax as well as with the question of the basis of collection, in other words the gross or net value of the funds.(69)

The new version of the production fund tax (70) shows mainly two serious changes, the effects of which had already been discussed in the 1960's:

- (1) From 1986 the basis of collection will be the net value rather than the gross value of the fixed assets
- (2) The hitherto universally valid proportion for the rate of the production fund tax in the amount of 6 percent of the gross value of the fixed assets is abolished. In future a PFA rate (possibly no longer standardized) will be decreed for each plan year, at the time the annual plan is promulgated.

This invalidates calculation methods practiced for many years past in enterprise accounting or cost accounting. New problems are virtually preprogrammed.

These few notes on specially important regulations are enough to characterize the changed situation in the combine. It is also reflected in a supplement to the new planning order.

e) Change in the Price and Cost Structure Before the New Five-Year Plan

Only a few weeks after the publication of a new "planning order" for 1986-1990 and a new "skeleton directive," amendment No 1 was issued regarding the supplementation of the "Planning Order of the GDR National Economy 1986-1990 of 18 April 1984." One of the most important provisions in this amendment deals with the effects of the regulations described above. It seems that important decisions on the complex of assessment issues had been adopted too late for inclusion in the planning order. If we take heed of the many remarks made in the GDR with regard to the need for "prudent business calculations and conservative management," (72) it appears that many collectives continue to consider plan fulfillment to have a higher place value than the profitability of production. Some of the reasons must be sought in the distortion of prices and assessments. Basically, though, any genuine increase in intensification assumes accurate accounting. "Amendment No 1 on the Supplementation of the Planning Order" provides various cues that, from the GDR viewpoint, were designed to result in considerable changes in combine profitability accounting before the new five-year plan.

The "general provisions" in the new planning order for the drafting of the 1986 combine plan were supplemented as follows: "In addition, the effects of the following measures are to be shown as the difference between price bases 1 and 2.(73)

- Changes in CEMA contract prices
- Revaluation of fixed assets
- Changes in the standardized utilization period of fixed assets
- Changes in the basis of calculation of the production fund tax for fixed assets
- Changes in the standard rate of the production fund tax
- Introduction of the contribution to social funds in the plan year in the respective fields
- Changes in the state revenue surcharge."(74)

The last item on this list signifies a considerably reduced profit margin in GDR business practice. This extensive catalogue of changes, here dealt with merely by means of some selected headings, will be more easily understood by means of the following practical examples and data. The general situation is determined to a large extent by the substantial industrial price changes (usually increases) in recent years, the average above 50 percent rise in the gross value of enterprise capital assets, the introduction of the contribution to social funds (a kind of payroll tax) as a cost factor in the amount of 70 percent as well as the lengthening of the duration of use of investment goods and changes in the amount of amortization. It is hardly surprising, therefore, that plan accounting was reorganized at the same time--before that the GDR had made do with corrections.

Well before the start of the new five-year plan period, two modernized and expanded regulations were published on accounting and statistics.(75) Overall, these take the actual structure of the combines into account. Better supervision of the various new regulations by the system of accounting and statistics is necessary for several reasons. The further refinement conception, performance comparison and various other measures to "mobilize cost reserves" (76) assume accurate knowledge of the respective costs.(77) The further refining conception explicitly calls for a statement showing which products and equipment contributed to a lowering of factory costs and to what extent.(78)

The rearrangement of the structure of taxes and levies payable by combines to the state budget, noticeable by late 1984, offers an example of the extent of changes in the price and cost structure. This makes for changed relations in the effect of costs and profits from 1 January 1986 on; combines and enterprises need to analyze these very thoroughly indeed. Some enterprises will hardly be able to manage without at least temporary subsidies. A logical measure, therefore, was the introduction of a special revenue equalization in order to catch and bridge possible and sometimes inevitable and excusable losses incurred by combines and enterprises.

The following tables and graphs show up the first effects of the contribution to social funds; they were compiled from GDR statistics. Within the framework of changed headings of the state budget's main revenues (see Table 1), we note in particular a 27 percent decline in net profit taxes paid (see Table 2). The absolute value of the decline (Table 3) amounted to more than M15 billion (M15.27 billion), in other words almost 90 percent of the total (89.6 percent) first paid in 1984 to the state budget as the "contribution to social funds." The two following illustrations show that, upon a comparison of 1984 and 1985, no significant rise occurred in 1985, due to the large total of the revenue surcharge fund amounting to M17.0429 billion (compared with the most important selected main revenues of the state budget). The illustrations clearly indicate a shift within the "tax channels."

Changes in the structure of the main revenues of the state budget of state combines and enterprises when 1984 and 1985 are compared.

Table 1. Selected Revenue Headings (Net Profit, Production and Trading Fund Levy, Product Related Taxes) of the GDR State Budget 1978-1984 (million marks)

Tabelle 1 Ausgewählte Einnahmepositionen (Nettogewinn, Produktions- und Handelsfondesabgabe, produktgebundene Abgaben) des Staatshaushaltes der DDR 1978 - 1984 (in Mill. Mark)								
Year	Revenue		Production and Trade Fund Levy		Net Profit Levy		Product Related Taxes	
	Mill. Mark	%	Mill. Mark	%	Mill. Mark	%	Mill. Mark	%
1978	132 611,8	100	15 995,5	12,1	20 007,3	15,1	35 316,3	26,6
1979	140 633,4	100	16 815,9	12,0	32 882,7	23,4	34 975,8	24,9
1980	160 632,4	100	18 233,0	11,3	40 096,8	25,0	39 338,8	24,5
1981	167 465,8	100	19 769,4	11,8	42 082,4	25,1	37 702,2	22,5
1982	182 836,0	100	21 532,5	11,8	53 592,0	29,3	38 444,8	21,0
1983	192 409,5	100	22 910,5	11,9	55 480,9	29,0	39 283,0	20,4
1984	213 534,7	100	25 089,7 ¹⁾	8,5	40 411,0 ¹⁾	18,9	50 242,4	23,5

1) Die Veränderungen sind eine Folge der Einführung des Beitrags für gesellschaftliche Fonds und einer reduzierten Gewinnabführung.

Quellen: Statistische Jahrbücher der DDR 1984 (S. 250) und 1982 (S. 248)
 "Haushaltsrechnung für das Jahr 1984", Neues Deutschland vom 5. 7. 1985, S. 6

1) The changes are the consequence of the introduction of the contribution to social funds and reduced profit taxes.

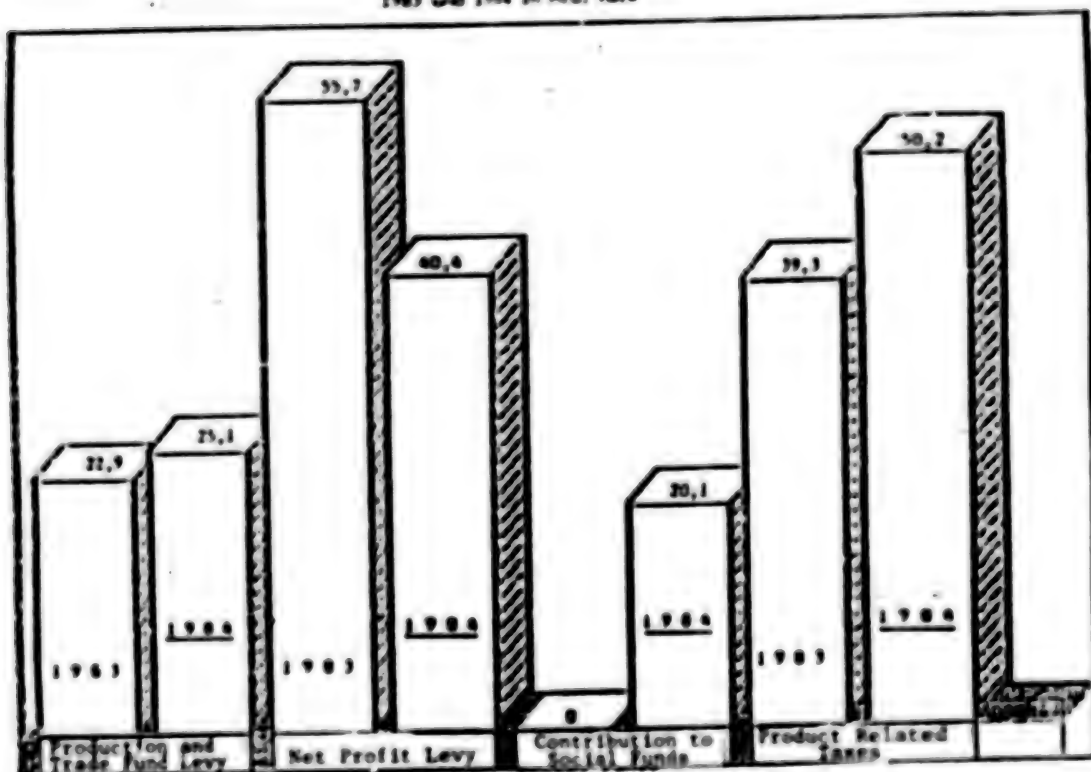
Sources: Statistische Jahrbücher der DDR [GDR Statistical Yearbooks], 1984 (p 250) and 1982 (p 248)
 "1984 Budget Accounting," NEUES DEUTSCHLAND, 5 July 1985, p 6

Table 2--Growth Rates of Selected Revenue Headings of the GDR State Budget 1979-1984 (as percentages of the previous year)

Year	Total Revenues	Production and Trade Fund Levy	Net Profit Levy	Product Related Taxes
1979	5.1	6.0	+ 64.4	././ 1.0
1980	8.4	14.2	+ 21.9	+ 12.5
1981	8.4	4.2	+ 5.0	././ 4.2
1982	8.9	9.2	+ 27.4	+ 2.0
1983	6.4	5.2	+ 3.9	+ 2.2
1984	9.5	11.0	././ 27.4	+ 27.9

Sources: GDR Statistical Yearbooks, 1984 (p 258) and 1982 (p 248),
 "1984 Budget Account," NEUES DEUTSCHLAND, 5 July 1985, p 6.

1983 and 1984 in Prod. Price



Source: GDR Statistical Yearbook 1985, pp 260/261

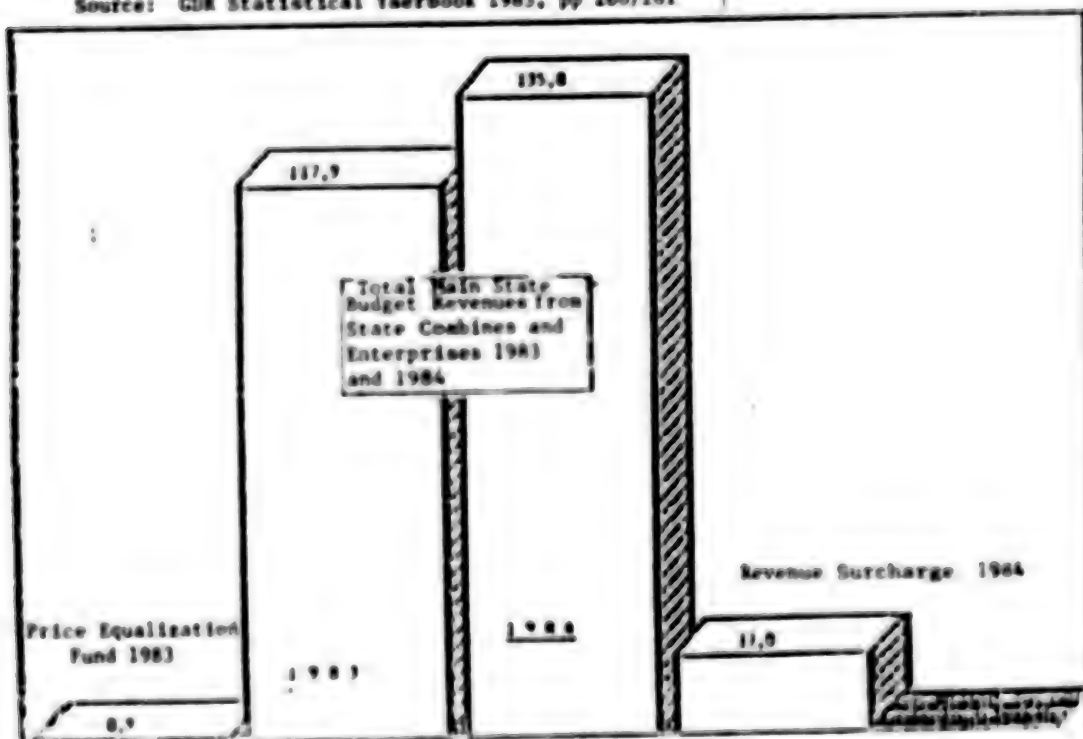


Table 3--Changes in the Structure of the Main State Budget Revenues from State Combines and Enterprises 1983 and 1984

	1983		1984	
	mill.marks	%	mill.marks	%
Production fund and trade fund levy	22,910.3	19.4	25,089.7	18.5
Net Profit	55,680.9	47.3	40,411.0	29.7
Contribution to social funds	-	-	20,093.4	14.8
Product related taxes	39,283.0	33.3	50,242.4	37.0
Total amount	117,874.4	100	135,836.5	100

Price Equalization Fund 1983

M884.8 million

Revenue Surcharge 1984
(almost 20-fold the price
equalization fund)

M17,042.9 million

Source: GDR Statistical Yearbook 1983, pp 260/261

Graphs--Comparison of the Revenues of the State Budget from State Combines and Enterprises 1983 and 1984 (million marks)

7. Interim Balance

We have used various development trends, in particular the advances in the integration of combine enterprises and the organization of management operations as well as the results of the hoped for "integration" of economic circulation in the combine, to demonstrate the various obstacles and areas of conflict as well as efforts at reform and intensification effects that have arisen in the course of the past 5 years. Another important question was that of the success or failure of the reform efforts, involving "perfection" and intensification, in providing for qualitative advances.

At the present time is not possible to do more than draw up an interim balance for the mid-1980's. Admittedly, the process of the "perfection of management, planning and economic accounting" made some progress in the past 5 years, but it definitely failed to achieve the overall extent of consolidation in the combines, that the economic leaders had envisioned as their objective, and that must be considered indispensable for the second half of the 1980's.

The key headings of the intensification program and various groups of reforms and reorganization involved important provisions on the improved enforcement of the innovation policy or so-called national innovation processes in the GDR. In so far as it is possible make an assessment for a relatively short period (roughly 3 years), these measures have hitherto failed to achieve the desired result of rapid qualitative advances. The new requirements were impeded by unstable and often quite resistant traditional structures in the enterprises; some of the measures were merely grafted on earlier provisions and therefore failed to meet expectations.

Consequently, some state management authorities were given additional responsibilities involving extensive powers of instruction and rights of interference so as to produce a faster rate of speed-up for advances in technology and quality. In addition, from 1986 on the plan prescribes the rate of renewal in production in terms of a percentage rate.

To be noted in the interim balance with regard to the new five-year plan is a program for combines and enterprises, that is oriented mainly to two key headings. Due to the lack of internal "coherence" and as the consequence of slow responses in many combines, the pressure exercised by the economic leadership has increased. This does not merely mean various kinds of state orders. Since the beginning of this year, the economic leaders have reacted to weaknesses and defects of operational planning and plan fulfillment in the combines by the introduction of mandatory central state quarterly, monthly and 10-year planning and balancing.

The obligation to comprehensive strategic planning, imposed by the new 1986-1990 planning order in the form of a further processing conception to be provided by each combine for the respective production sector, would have positive results only in certain specific conditions. These include mainly a properly working market and sales research within the framework of combine marketing tools. However, gaps and obstacles obstruct any promising integration of targets, resources and methods at all stages of planning, and neither combines or enterprises are capable of dealing with them. As long as combine and enterprises are increasingly subject to new obligations without being given equally extensive rights, the GDR economic leaders should not harbor unduly high expectations.

The GDR economic leadership adopted costs as the second focus of attention for national and enterprise management. An important group of new regulations is concerned with changes in assessment, aiming to create "realistic value criteria" for the GDR economy. The result of a revaluation (of the major part) of capital assets is bound to be a substantial uppage. There is also a new standard for write-offs and the period of plant use is to be partially lengthened. To be changed at the same time is the future basis of assessment (net instead of gross value) and the rate of assessment (in future: a yearly normative) for the production fund tax. Enterprise profit margins had already narrowed in 1984 consequent upon the introduction of the contribution to social funds (70 percent payroll tax). The result of these changes at the time of the five-year plan start in 1986 is firstly a shift in the structure of taxes and levies payable by the combines to the state budget and, secondly, a change in the combines' cost structure. The realistic appraisal of intensification or export projects and the regular performance comparisons required from now

on represent important objectives for improved cost transparency. The new terms of the production fund levy do indeed favor modernization and rationalization over new investments, but the abandonment of a constant percentage rate involves considerable insecurity for combines and enterprises.

No outstanding reformist impulses for management in the combine are currently discernible. The emphasis is on the modernization and rationalization of the existing system. To an extent that should not be underestimated, the expansion of the business circulation in the combine is the result of central control measures with a tendency to bureaucratic perfectionism so as to make prevail urgent innovation processes "from above." It is impossible at this time to foretell in how far the long-term objective of "realistic value criteria" and long-range cost conceptions might at a later date be coupled with a largely enterprise managerial concept of "economic levers." To be noted are the new views regarding the "rational settlement of the site distribution of production." Looking ahead to the 1990's, further organizational rearrangements for combines and enterprises seem not unlikely.

FOOTNOTES

1. See the reports by K.C.Thalheim, "The GDR Economic System in the 1981-1985 Five-Year Plan Period: Continuity or Change?" and Doris Cornelsen, "Balance Sheet of the 1981-1985 Five-Year Plan," in this issue.
2. See Siegfried Tannhaeuser, "On Some Tasks of Socialist Management Science with Regard to the Further Consolidation and Development of Socialist Combines," in "On the Management and Planning of Combines. Experiences and Generalizations of the Management and Planning of Socialist Combines and Enterprises. 30th Conference of the Scientific Council for Economics Research at the GDR Academy of Sciences on 29 April 1980, ABHANDLUNGEN DER AKADEMIE DER WISSENSCHAFTEN DER DDR, W 3/1980, p 73.
3. Guenter Mittag, "Theoretical Generalization of Experiences in the Development of Combines for Raising the Efficiency of the National Economy, Specially for the Use of Qualitative Growth Factors," at Conference of GDR Economists, 29/30 September 1983. Organized by the Scientific Council for Economics Research at the GDR Academy of Sciences in conjunction with the GDR Academy of Sciences, the Central Institute for Socialist Business Management at the SED CC, the Academy for Social

Sciences at the SED CC and the Economic Research Institute at the State Planning Commission, ABHANDLUNGEN DER AKADEMIE DER WISSENSCHAFTEN DER DDR, Department for the Publications of the Scientific Councils, W2/1984, East Berlin 1984, p 21.

4. See the report by Maria Haendcke-Hoppe: "Foreign Trade Reform and Foreign Trade Monopoly," in Maria Haendcke-Hoppe and others, "The GDR Economy at the End of the Five-Year Plan Period" Part II, Eleventh Symposium of the Research Agency for All-German Economic and Social Issues, 21/22 November 1985, FS-ANALYSEN No 5/1985.
5. At the June 1985 Conference on Civics and Jurisprudence, Egon Krenz mentioned the figure of 185 centrally managed and 126 district managed combines. See Egon Krenz, "The State and the Law with Regard to the Further Development of the Benefits and Motive Forces of the Socialist Society," STAAT UND RECHT report on the above conference on 26/27 June 1985 in East Berlin, East Berlin 1985, p 45.
6. "Order on the Key Systematic of State Organs, Combines Subordinated to Central State Organs, Economy Managing Organs, Supply Sectors and Fund Holders as well as Districts," GBl I Special Issue No 1078/3, 1 July 1985 (survey of centrally managed combines in Appendix 2 hereafter).
7. See Helmut Koziolk (report at the Tenth Conference of the Joint Committee of USSR and GDR Economist, 15-21 April 1985 in Tashkent, on the topic: "Basic Trends in the Further Perfection of the System of Management, Planning and Economic Accounting"), "Socialist Planning in the GDR and Its Further Perfection," WIRTSCHAFTSWISSENSCHAFT No 9/1985, p 1291.
8. See collective of authors, headed by Rudolf Gerisch, "Wirtschafts- und Leitungsorganisation in den Kombinat und ihren Betrieben" [Business and Management Organization in Combines and Their Enterprises], East Berlin 1985, pp 48 and 212 ff.
9. See K.C.Thalheim as before, in this issue.
10. See Guenter Mittag, "Theoretical Generalization...", as before, pp 21-27.
11. On the general features of combine establishment see Kurt Erdmann and Manfred Melzer, "The New Combine Decree in the GDR. Opportunities and Limits of Performance Impulses in the New Combines," DEUTSCHLAND ARCHIV No 9/1980 (Part I), pp 929-942 and No 10/1980 (Part II), pp 1046-1062.
12. Erich Honecker, "Our Common Efforts for Peace and Socialism," NEUES DEUTSCHLAND, 2/3 November 1985, p 2.
13. See in particular E. Polaschewski, "The Treatment of the Combine in Socialist Business Management Teaching," WISSENSCHAFTLICHE ZEITSCHRIFT DER HOCHSCHULE FUER OEKONOMIE BRUNO LEUSCHNER, No 2/1984, p 5.
14. See Guenter Mittag, "Theoretical Generalization...", as before, p 27.

15. "From the Report by Comrade Guenter Mittag, Politburo Member and SED CC Secretary," in "Mit Hoechsten Leistungen den XI. Parteitag Vorbereiten. Seminar des Zentralkomitees der SED mit den Generaldirektoren der Kombinate und den Parteiorganisatoren des ZK am 7. März 1985 in Leipzig" [Preparing the Eleventh SED Congress by the Best Possible Performances. Seminar of the SED CC Committee with the General Directors of Combines and the CC Party Organizers on 7 March 1985 in Leipzig], East Berlin 1985, p 21.
16. Ibid, p 23.
17. See Peter Hoss, "On the Greater Orientation of Economic Accounting to Raising the Efficiency of Social Production," in "The Efficiency of the National Economy in Intensively Expanded Reproduction." Joint Conference of the Scientific Council for Economics Research at the GDR Academy of Sciences and its Scientific Council on Issues of the Perfection of Planning and Economic Accounting, 19 January 1985. ABHANDLUNGEN DER AKADEMIE DER WISSENSCHAFTEN DER DDR, East Berlin 1985, W3/1985, p 90.
18. See Siegfried Wenzel, "Issues Involved in Comprehensive Intensification with Regard to the Evaluation of the Ninth SED CC Plenum,": in "Efficiency of the National Economy...", as before, p 19.
19. GBl I 1982 No 3 pp 85-92.
20. Harald Rost (deputy chairman of the State Planning Commission), "On the Perfection of Economic Accounting," DIE WIRTSCHAFT, East Berlin No 2/1982, pp 8/9.
21. See the summarizing descriptions by Kurt Erdmann, "National and Business Management Conceptions in the GDR Between the Compulsion to Reorganize and the Indifference to Reform," in Kurt Erdmann, Wolfgang Seiffert, Karl Hohmann, "The GDR Economy Hard Pressed by Bottlenecks and Instabilities," Part II, Eighth Symposium of the Research Agency. Reports on 19 November 1982, FS-ANALYSEN No 8/1982, pp 7-57.
22. See Hans Schilar, Gerhard Kraft, "The Organization of Management, Planning and Stimulation in the GDR," EUROPÄISCHE RUNDSCHAU, Vienna No 3/1984, p 103.
23. See specially Kurt Erdmann, "On GDR Attempts to Reform the Economy," in K.Erdmann, K.Hohmann, K.Krakat, C.Lauterbach, W.Mehring, "The GDR Economy and Economic Policy Beset by Insecurities and Hazards," Part III, Ninth Symposium of the Research Agency, reports on 18 November 1983, FS-ANALYSEN No 7/1983, pp 7-47.

24. See E. Knauthe, "Tasks for the Perfection of the Management, Planning and Economic Stimulation of GDR Industry," in "Economic Accounting in Industry. Experiences Gained and New Approaches," WISSENSCHAFTLICHE ZEITSCHRIFT DER HUMBOLDT-UNIVERSITAET ZU BERLIN, East Berlin No 5/6 1985, p 271.
25. Ibid.
26. See Gernot Schneider, Manfred Troeder, "On the Genesis of the Combines of Centrally Managed Industry in the GDR," Reports by the Eastern Europe Institute at the Free University, Berlin, series Economy and Law, No 137, Chapter V 3.
27. See Michael Buechner, Claudia Grafe, Rainer Radtke, "On Long-Range Conceptual Efforts for Speeding-Up Scientific-Technical Advances," WIRTSCHAFTSWISSENSCHAFT No 10/1985, p 1491.
28. Collective of authors at the State Planning Commission, "Planungsordnung 1986-1990. Wichtiges Instrument zur Verwirklichung der Oekonomischen Strategie" [1986-1990 Planning Order. An Important Tool for the Implementation of the Economic Policy], East Berlin 1985, p 24.
29. See "From the Report of Politburo Member....," as before, p 57.
30. See also collective of authors at the State Planning Commission, as before, p 29.
31. Michael Buechner, Claudia Grafe, Rainer Radtke as before, p 1491.
32. See collective of authors at the State Planning Commission, as before, p 28.
33. "Politische Oekonomie des Sozialismus und Ihre Anwendung in der DDR" [Political Economics of Socialism and Its Application in the GDR], East Berlin 1969, p 345.
34. Ibid.
35. See Herbert Lange (editor), "Technische Produktionsvorbereitung. Rationalisierung. Ausgewaehlte Beitraege zu Oekonomischen und Organisatorischen Problemen" [Technical Production Preparation. Rationalization. Selected Contributions to Economic and Organization Issues], East Berlin 1982, pp 29-34.
36. CAD - computer aided design; CAM - computer aided manufacturing.
37. See Kurt Weichold, "Performance Growth by CAD/CAM," EINHEIT No 6/1985, pp 497-500.
38. See Otto Reinhold, "Socialist Planning--The Basis for the Policy of the Main Task," EINHEIT No 11/1985, p 971.

39. Among others see Manfred Hieke, "On the Legal Nature of Planning and Plan Decisions in the Combine," STAAT UND RECHT No 10/1985, pp 810/811.
40. See consecutive GBIs, consecutive Nos 1-8 in Appendix 1.
41. GBI I 1984 No 35 pp 417-429.
42. GBI I 1979 No 28 p 249-252 and GBI I 1982 No 6 pp 136-137.
43. GBI I 1984 No 2 pp 9-11.
44. A few days after the Eleventh Symposium of the Research Agency, a new "Order on 10-Year Planning for Selected State Plan Indices" of 30 October 1985 was published in GBI I 1985 No 28 pp 320-322. It must be considered an indication of the problems besetting the existing regulations on quarterly and monthly planning. It is also to be considered in line with a general trend of the economic leaders to enact mandatory central state directives for operational planning in the economic units.
45. Wilfried Ballaschk, Niels Kolle, "Meeting of the Study Group on Business Law," WIRTSCHAFTSRECHT No 2/1984, p 55.
46. See Gerhard Scholle, "Comprehensive Intensification and New Requirements on Efficiency Development, Planning and Assessment," in "The Efficiency of the National Economy...", as before, p 30.
47. See Karl C. Thalheim, as before, in this issue.
48. E. Knauthe, "Tasks for the Perfection...", as before, p 373.
49. Ibid.
50. Ibid, p 374.
51. Collective of authors headed by U.J. Heuer, "Wirtschaftsrecht" [Business Law], East Berlin 1985, p 127.
52. Hans-Ulrich Hochbaum, "International Symposium on the Improvement of the Large Economic Units' Ability To Respond," WIRTSCHAFTSRECHT No 1/1985, p 23.
53. Ibid.
54. Collective of authors headed by U.J. Heuer, as before, p 114.
55. Ibid, p 127.
56. See Horst Ploentzke and Werner Poloschek, "Problems of the Increased Effect of Finances and Credit on the Maintenance of Production Efficiency in the Combines and Enterprises of the GDR," in "Economic Accounting in Industry...", as before, pp 424-426.

57. E. Knauthe, as before, p 372.
58. GB1 I 1985 No 18 pp 213-235.
59. Siegfried Wenzel, as before, p 21. On regional problems see also Werner Ostwald, "The Regional Structure of Social Reproduction as the Condition and Object of Comprehensive Intensification," WIRTSCHAFTSWISSENSCHAFT No 10/1985, pp 1441-1466.
60. "Intensification Factor Cost Reduction--Principles and Experiences," SOZIALISTISCHE FINANZWIRTSCHAFT No 10/1975.
61. Bernhard Groche, "On the Unity of Material and Financial Planning as the Decisive Precondition for the Active Role of Money and Finance in the Improvement of Efficiency," in "Efficiency in the National Economy...", as before, p 76.
62. See the summary survey in Kurt Erdmann, "On the Revaluation of Capital Assets in the GDR," FS-ANALYSEN No 4/1984, pp 26-31.
63. GB1 I 1984 No 37 pp 450/451.
64. Ibid, p 451.
65. See Josef Janas, "Revaluation of Fixed Assets--an Important Step in the New Stage of the Implementation of SED Economic Policy," SOZIALISTISCHE FINANZWIRTSCHAFT, pp 6-10.
66. Bernhard Groche, as before.
67. See "Alphabetisches Abschreibungsverzeichnis mit Erlaeuterungen zur Grundmittelwirtschaft" [Alphabetical Register for Copying, with Explanations on Fixed Asset Management], edited by a collective of authors on behalf of the Central State Administration for Statistics, East Berlin 1974, Part II, in the version of the fourth supplement 1977, pp 150-153.
68. GB1 Special Issue No 1124, 3 October 1984.
69. See, among others, WIRTSCHAFTSWISSENSCHAFT No 10/1986, with several articles on the production fund tax.
70. "Decree on the Production Fund Tax of 31 May 1985, GB1 I 1985 No 13 p 157.
71. GB1 I 1985 No 11 pp 117-123.
72. Wolfgang Junker, "It Is a Matter of Honor for All Construction Workers to Do Their Best for the Eleventh SED Congress," NEUES DEUTSCHLAND, 14 June 1985, p 5.

73. Price bases 1 and 2 refer to constant plan prices and effective prices.
74. GBl I 1985 No 11 p 118.
75. See "Decree on Accounting and Statistics," GBl I 1985 No 23 pp 261-267 and "Order on Accounting and Statistics in Enterprises and Combines of 6 August 1985, GBl Special Issue 800/1.
76. See Horst Anton, "Performance Comparison Helps Mobilize Cost Reserves," in "Wie die Kosten Senken. Ergebnisse und Erfahrungen" [How to Lower Costs. Results and Experiences], East Berlin 1984, p 36.
77. Ernst Hoefner, "Fast Rate of Factory Cost Reductions--a Fundamental Requirement of Comprehensive Intensification," as above, p 17.
78. Ibid, p 13.

Appendix 1

Selected Reorganization Measures for Combines and Enterprises in the 1981-1985 Five-Year Plan Period

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
I. Planning and Balancing					
1. Order on the Supplementation of the Order on the Planning of the GDR National Economy 1981-1985	30.05.81	1981	14		145-212 9A
2. Order No 2 on the Supplementation of the Order on the Planning of the GDR National Economy 1981-1985	29.01.82	1982	5		109-112
3. Order No 3 on the Supplementation of the Order on the Planning of the GDR National Economy 1981-1985	19.04.82	1982	18		365-384
4. Order No 3 on the Skeleton Directive for Planning in the Combines and Enterprises of Industry and Construction--Skeleton Directive	19.04.82	1982	18		384-388

5. Order No 4 on the Supple- mentation of the Order on the Planning of the GDR National Economy 1981-1985	31.03.83	1983		1122 (of 15.4.83)	1- 77
6. Order No 4 on the Skeleton Directive for Planning in the Combines and Enter- prises of Industry and Construction--Skeleton Directive	31.03.83	1983		1122 (of 15.4.83)	79- 96
7. Order No 5 on the Supple- mentation of the Order on the Planning of the GDR National Economy 1981-1985	30.03.84	1984	11		128-151
8. New Versions of Parts "K", "M" and "N" of the Order on the Planning of the GDR National Economy 1971-1985		1983		1020/lk 1020/lm 1020/lh	
Heading	Date	Year	Part I No	GBL DER DDR Special Issue No	Page Nos
9. Order on Quarterly and Monthly Planning and the Freeing and Efficient Use of Material Funds	18.12.84	1984	35		417-
10. Order on the Order of Planning of the GDR Na- tional Economy 1986-1990	07.12.84	1985		1190 (of 27.02.1985)	
11. Order on the Skeleton Di- rective of Planning in the Combines and Enterprises of Industry and Construc- tion--Skeleton Directive	07.12.84	1985		1191 (of 27.02.1985)	
12. Order No 1 on the Supple- mentation of the Order of for the GDR National Eco- my 1986-1990	30.04.85	1985	11		117-
13. Order on the Nomenclature for the Planning, Balanc- ing and Reporting of Ma- terials, Equipment and Con- sumer Goods for Drafting and Carrying Out the An-					

nual Plans--Balance Register		1983		688/13 688/14	
14. Order No 3 on the Nomenclature for the Planning, Balancing and Reporting of Materials, Equipment and Consumer Goods for Drafting and Carrying Out the Annual Plans--Balance Register		1984		688/15	
15. Implementing Regulation to the Decree on Material Equipment and Consumer Goods Balancing--Balancing Decree--	02.06.83	1983	15		161-165

Heading	Date	Year	GDL DER DDR		Page Nos
			Part I No	Special Issue No	
II. Management and Organization					
16. Statute of the Standardization, Measurement and Commodity Testing Office, Council of Ministers' Decision	01.12.83	1983	37		417-420
17. Law on the Local Peoples' Representations in the GDR	11.07.85	1985	18		213
18. Decree on the State Environmental Control Inspectorate	17.07.85	1985	19		238
III. Enterprise Management, Economic Accounting and Enterprise Financial Management					

19. Decree on the Further Perfection of Economic Accounting on the Basis of the Plan	28.01.82	1982	3		85- 92
20. Second Decree on the Perfection of Economic Accounting on the Basis of the Plan	08.03.84	1984	10		114-115
21. Third Decree on the Perfection of Economic Accounting on the Basis of the Plan	31.05.85	1985	13		163
22. Decree on the Work with Norms and Normatives of Materials Consumption and Stocks	01.07.82	1982	28		515-520
23. First Implementing Regulation to the Decree on the Work with Norms and Normatives of Materials Consumption and Stocks --Materials Consumption Norms	01.07.82	1982	28		522-524

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
24. Second Implementing Regulation to the Decree on the Work with Norms and Normatives of Materials and Stocks--Materials Consumption Normatives	01.07.82	1982	28		522-524
25. Third Implementing Regulation to the Decree on the Work with Norms and Normatives of Materials and Stocks--Stock Norms and Stockpiling Normatives	01.07.82	1982	28		524-528
26. Fourth Implementing Regulation to the Decree on the Work with Norms and Normatives of Materials					

and Stocks--Amendment of the First Implementing Regulation	04.05.83	1983	13	145-146
27. Order on the Standardization of Motor Fuel Consumption for Road Vehicles	20.01.83	1983	4	40- 42
28. Order on the Periodic Ascertainment by the Balancing Organs of Stocks Held but not Actually Needed by Consumers as well as on the Responsibility and Material Stimulation of Producers for the Efficient Use of Excess Stocks in Their Production Assortment--Stock Utilization Order	14.04.83	1983	13	146-148
29. Order on the Financing Directive for the State Owned Economy	28.01.82	1982	5	113-124
30. Order on the Financing Directive for the State Owned Economy	14.04.83	1983	11	110-121

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
31. Second Decree on the Production Fund Tax	28.01.82	1982	6		126
32. Fourth Implementing Regulation to the Decree on the Production Fund Tax	28.01.82	1982	6		126
33. Decree on the Production Fund Tax	14.04.83	1983	11		106-107
34. First Implementing Regulation to the Decree on the Production Fund Tax	14.04.83	1983	11		107-110
35. Decree on the Production Fund Tax	31.05.85	1985	13		157
36. First Implementing Regulation to the Decree on the Production Fund Tax	31.05.85	1985	13		159
37. Order No 3 on the Planning, Formation and Use of the Performance Fund of State Owned Enterprises	26.02.82	1982	9		188
38. Order on the Planning, Formation and Use of the Performance Fund of State Owned Enterprises	11.06.82	1982	24		429-432
39. Order on the Planning, Formation and Use of the Performance Fund of State Owned Enterprises	14.04.83	1983	11		121-123
40. Order No 2 on the Planning, Formation and Use of the Performance Fund of State Owned Enterprises	31.05.85	1985	13		163
41. Decree on the Planning, Formation and Use of the Cultural and Social Fund for State Owned Enterprises	03.06.82	1982	24		427-429

Heading	Date	Year	GHL DER DDR		Page Nos
			Part I No	Special Issue No	
42. Decree on the Planning, Formation and Use of the Premium Fund for State Owned Enterprises	09.09.82	1982	34		595-598
43. First Implementing Regulation to the Decree on Planning, Formation and Use of the Premium Fund for State Enterprises	09.09.82	1982	34		598-600
44. Order on the Planning, Formation and Use of the Maintenance Fund	27.04.82	1982	19		395-396
45. Order on the Maintenance Funds	10.05.85	1985	12		154
46. Decree on the Contribution to Social Funds	14.04.83	1983	11		105-106
47. First Implementing Regulation to the Decree on the Contribution to Social Funds	14.04.83	1983	11		106
48. Second Decree on the Contribution to Social Funds	14.06.84	1984	18		238
49. Third Decree on the Contribution to Social Funds	12.06.85	1985	14		178
50. Order on the Planning and Payment of the State Revenue Surcharge	02.06.83	1983	15		164-165
51. Order on Planning the Financing of Working Capital--Working Capital Order	22.07.83	1983	21		218-220
52. Order on the Planning and Implementation of the Re-valuation of Stocks of Material Working Capital	10.08.83	1983	23		239-240

Heading	Date	Year	Part I No	Special Issue No	Page Nos
53. Directive by the GDR Council of Ministers and the Federal Executive of the FDGB for the Work with the Household Book in the Socialist Competition	12.11.84	1984	29		325
IV. Prices (excluding Price Order)					
54. Order on the Observance of the State Directive Powers and Duties of the Head of the Office for Prices	26.03.81		11		134
55. Decree on Product Related Taxes and Price Supports	01.07.82	1982	30		547-550
56. Price Order No 475 on Upper Cost and Price Limits	14.04.83	1983	12		131
57. Price Order No 250 on the Classification in Buyer or Public Consumer Spheres of the Orders Taking Effect in the Scope of Planned Industry Price Changes and the Farm Price Reform	30.05.83	1983	18		190
58. Price Order No 250/1 on the Classification in Buyer or Public Consumer Spheres of the Orders Taking Effect in the Scope of Planned Industry Price Changes and the Farm Price Reform	18.05.84	1984	24		291-292
59. Price Order No 304 on the Nomenclature of the Price Coordinating Organs	03.11.83	1983		1144 (of 13.12.85)	1-110
60. Announcement on the Abolition of Legal Regulations in the Sphere of Industry Prices	17.11.83	1983	35		341

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
61. Order on the Central State Calculation Directive on the Formation of Industry Prices	17.11.83	1983	35		341-370
62. Price Order No 305 on the Price Application Procedure	17.11.83	1983	35		371-377
63. Price Order No 305/1 on the Price Application Procedure	26.03.85	1985	8		91
64. Order on the Introduction of New Constant Plan Prices for the Planning and Statistical Reporting of Industrial Production (kPP 85)	12.07.84	1984	22		277-279
65. Price Order No 12/10 on Price Reforms for Industry Prices	21.06.85	1985	15		188
V. Fixed Assets, Investments Write-Offs					
66. Implementing Regulation on the Decree on the Siting of Investments	01.09.82	1982	34		600-602
67. Order on the Review and Revision of the Normative Life and Write-offs for Fixed Assets	02.08.83	1983	23		236-239
68. Order No 2 on the Review and Revision of the Normative Life and Write-offs for Fixed Assets	12.04.84	1984	15		187-10-
69. Order No 3 on the Review and Revision of the Normative Life and Write-offs for Fixed Assets	27.02.85	1985	6		76

70. Nomenclature and Register of Rates of Write-Offs for Fixed Assets		1984	1124		
Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
71. Order on the Revaluation of Fixed Assets	28.12.84	1984	37		450
72. Order on the Abolition of Legal Regulations in the Sphere of the Revaluation of Fixed Assets	28.12.84	1984	37		451
73. Order on the Use of the Industry Prices in Effect from 1986 for the Prepa- tion and Conversion of the Documentations on Decisions in Principle for Investments	15.03.85	1985	7		84
74. Decree on the Preparation of Investments	05.07.85	1985	17		205
VI. Science and Technology, Quality and Design					
75. Decree on the Tasking Workbook for Research and Development Tasks-- Tasking Workbook Decree	17.12.81	1982	1		1- 3
76. First Implementing Regu- lation to the Decree on the Tasking Workbook for Research and Development Tasks--Tasking Workbook Decree	23.11.83	1983	36		381-386
77. Order on the Skeleton Directive for the Ascer- tainment, Planning, Super- vision and Reporting of the Efficacy of Measures of Scientific-Technologi- cal Progress	05.02.82	1982	8		165-180

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
78. Order on the Formation and Use of the Fund for Science and Technology and the Use of State Budget Moneys to Accomplish Scientific-Technological Tasks in the Producing Sectors of the National Economy--Financing Order Science and Technology	05.02.82	1982	7		150-154
79. Resolution on the "Order for the Work with State Assignments for Science and Technology--Excerpt	10.02.82	1982	9		181-183
80. Order on the Use of Economic Accounting in Research and Development	23.11.83	1983	36		387-395
81. Order on the Business Account for Research and Development Tasks and the Final Annual Account for Science and Technology	23.11.83	1983	36		395-401
82. Order on the Registration and Test Obligation in the Field of State Quality Control	01.09.81	1981		803/5	
83. Order on the Test Obligation for Product Design by the State Quality Control	01.09.81	1981		803/5	
84. Decree on the Development and Assurance of Product Quality	01.12.83	1983	37		405-412
85. Second Decree on the Development and Assurance of Product Quality	15.03.85	1985	7		82

86. First Implementing Regulation to the Decree on the Development and Assurance of Product Quality--Product Registration	01.12.83	1983	37		412-416
Heading	Date	Year	GBL Part I No	DER Special Issue No	Page Nos
87. Second Implementing Regulation to the Decree on the Development and Assurance of Product Quality--State Control of Design Quality	01.12.83	1983	37		416-417
88. Order on the Work of the Office for Industrial Design with Experts and Groups of Experts	15.03.85	1985	7		86
89. Decree on Standardization--Standardization Decree	15.03.84	1984	12		157-162
90. First Implementing Regulation to the Standardization Decree--Regulations on Carrying Out Standardization Work and on using GDR and Special Standards as well as Specifications with Quality Criteria	15.03.84	1984	12		162-164
91. Second Standardization Decree--Standardization Decree	01.03.85	1985	7		81
VII. Supervision					
92. Third Decree on Accounting and Statistics	20.01.82	1982	6		125
93. Order No 3 on Accounting and Statistics in Enter-					604-605
94. Decree on Accounting and Statistics	26.08.85	1985	23		261

95. Order on Accounting and Statistics in Enterprises	06.08.85	1985		800/1	
96. Decree on Granting of Credits and Bank Supervision of the Socialist Economy--Credit Decree	28.01.82	1982	6		126-133

Heading	Date	Year	GBL DER DDR		Page Nos
			Part I No	Special Issue No	
97. Order on the Coordinated Establishment of Data Banks	26.01.83	1983		1120 (of 15.04.83)	1- 2
98. Decree on Annual Reporting in the State Economy	23.06.83	1983	19		193-196
99. Second Decree on Annual Reporting in the State Economy	31.05.85	1985	13		163
VIII. Contract Law					
100. Law on the Contract System in the Socialist Economy--Contract Law	25.03.82	1982	14		293-308
101. First Through Fifth Implementing Decree to the					
105. Contract Law	25.03.82	1982	16		325-343
106. Implementing Regulation to the Contract Law--Deadlines for the Conclusion of Service Contracts	21.07.82	1982	29		531-532
107. Decree on Order and Delivery Terms for Raw Materials and Other Materials as well as Component Products--Order and Delivery Terms Decree	26.01.84	1984	2		9- 11

Appendix 2

Survey of 171 Centrally Managed Combines in the GDR -- 1985 Status

Ministry for Coal and Energy 23 Combines	Ministry for District Managed Industry and Foodstuffs Industry 18 Combines
Ministry for Ore Mining, Metallurgy and Potash 8 Combines	Ministry for Glass and Ceramics Industry 7 Combines
Ministry for Chemical Industry 15 Combines	Ministry for Geology 3 Combines
Ministry for Construction of Heavy Machinery and Equipment 13 Combines	Ministry for Construction 21 Combines
Ministry for Construction of Machine Tools and Processing Machinery 6 Combines	Ministry for Transportation 3 Combines
Ministry for Light Industry 14 Combines	Ministry for Agriculture, Forestry and Foodstuffs 12 Combines
Ministry for Construction of General Machinery, Agricultural Machinery and Vehicles 9 Combines	Ministry for Environmental Protection and Water Supply 1 Combine
	Ministry for Trade and Supply 1 Combine
	Ministry for Materials Management 2 Combines

Centrally Managed Combines in Selected GDR Ministries

(Status: Key Systematic of 14 June 1985 [1])

Ministry for Coal and Energy (23 Combines)

VE Brown Coal Combine, Bitterfeld
VE Brown Coal Combine, Senftenberg
VE Combine Equipment Construction Brown Coal, Regis
VEB Gas Combine, Black Pump
VE Combine Brown Coal Power Plants, Jaenschwalde
VE Combine Nuclear Power Plant "Bruno Leuschner," Greifswald
VE Combine Gas Equipment, Mittenwalde
VE Combine Coordinated Networks Energy, Berlin
VEB Energy Combine, Berlin
VEB Energy Combine, Cottbus
VEB Energy Combine, Dresden
VEB Energy Combine, Erfurt
VEB Energy Combine, Frankfurt/Oder
VEB Energy Combine, Gera
VEB Energy Combine, Halle
VEB Energy Combine, Karl-Marx-Stadt
VEB Energy Combine, Leipzig
VEB Energy Combine, Magdeburg
VEB Energy Combine, Neubrandenburg
VEB Energy Combine, Potsdam
VEB Energy Combine, Rostock
VEB Energy Combine, Schwerin
VEB Energy Combine, Suhl

Ministry for Ore Mining, Metallurgy and Potash (8 Combines)

VEB Steel Strip Combine "Hermann Matern," Eisenhuettenstadt
VEB High-Grade and Stainless Steel Combine, Brandenburg
VEB Pipe Combine, Riesa
VEB Combine Potash, Sondershausen
VEB Mining and Iron and Steel Combine "Albert Funk," Freiberg
VEB Mansfeld Combine "Wilhelm Pieck," Eisleben
VEB Combine Metal Treatment, Halle
VEB Combine Central Industrial Equipment Construction for Metallurgy, Berlin

- (1) Order on the Key Systematic for the State Organs of Combines Subordinated to Central State Organs, Economy Managing Organs, Supply Areas and Fund Holders as well as of Districts," GBI I Special Issue No 1076/3 of 1 July 1985.

Ministry for Chemical Industry (15 Combines)

VEB Synthetic Fiber Combine "Wilhelm Pieck," Schwarza
VEB Chemical Combine, Bitterfeld
VEB Combine Agrochemicals, Piesteritz
VEB Petrochemical Combine, Schwedt
VEB Combine Plastics and Rubber Processing, Berlin
VEB Pharmaceutical Combine GERMED, Dresden
VEB Combine Varnishes and Colors, Berlin
VEB Photochemical Combine, Wolfen
VEB Cosmetics Combine, Berlin
VEB Leuna-Werke "Walter Ulbricht," Leuna
VEB Chemical Works Buna, Schkopau
VEB Tire Combine, Fuerstenwalde
VEB Combine Synthetics Works, Schwarzheide
VEB Chemical Equipment Construction Combine, Leipzig-Grimma
VEB Combine Minol, Berlin

Ministry for Electrical Engineering and Electronics (15 Combines)

VEB Combine Robotron, Dresden
VEB Combine Communication Electronics, Leipzig
VEB Carl Zeiss, Jena
VEB Combine Automation Equipment Construction, Berlin
VEB Combine Microelectronics, Erfurt
Combine VEB Electronic Components, Teltow
Combine VEB NARVA "Rosa Luxemburg," Berlin
Combine VEB Ceramics Works, Hermsdorf
Combine VEB Cable Works Oberspree "Wilhelm Pieck," Berlin
Combine VEB Electrical Apparatus Works "Friedrich Ebert," Berlin
VEB Combine Electrical Machine Construction, Dresden
Combine VEB Locomotive Construction-Electrical Engineering Works "Hans Beimler," Hennigsdorf
VEB Combine Radio and Television, Stassfurt
Combine VEB Vehicle Electrics, Ruhla
Combine VEB Electrical Appliances Works, Suhl

Ministry for Construction of Heavy Machinery and Equipment (13 Combines)

VEB Combine Gears and Couplings, Magdeburg
VEB Heavy Machine Construction Combine TAKRAF, Leipzig
VEB Combine Ship Construction, Rostock
VEB Combine Rail Vehicle Construction, Berlin
VEB Combine Baukema (Construction Machinery Complete Plants and Earth Moving Machinery), Leipzig
VEB Heavy Machine Construction Combine "Ernst Thaelmann," Magdeburg
VEB Heavy Machine Construction "Karl Liebknecht," Magdeburg (Combine for

Diesel Engines and Industrial Equipment)
VEB Combine Pumps and Compressors, Halle
VEB Magdeburg Fittings Works "Karl Marx," Magdeburg
VEB ORSTA-Hydraulics, Leipzig (Combine for Hydraulics and Pneumatics)
VEB Combine Ventilation and Refrigeration, Dresden
VEB Combine Power Plant Equipment Construction, Berlin
VEB Combine Foundry Equipment Construction and Cast Products - GISAG -, Leipzig

Ministry for Construction of Machine Tools and Processing Machinery (6 combines)

VEB Machine Tool Combine "Fritz Heckert," Karl-Marx-Stadt
VEB Machine Tool Combine "7 October," Berlin
VEB Combine Metal Forming Equipment "Herbert Warnke," Erfurt
VEB Machine Tool Combine, Schmalkalden
VEB Combine Printing Machinery "Werner Lamberz," Leipzig
VEB Combine Textima, Karl-Marx-Stadt

Ministry for Light Industry (14 combines)

VEB Combine Cotton, Karl-Marx-Stadt
VEB Combine Technical Textiles, Karl-Marx-Stadt
VEB Combine Deko, Plauen
VEB Combine Wool and Silk, Meerane
VEB Stocking Combine Esda, Thalheim
VEB Combine Hosiery, Karl-Marx-Stadt
VEB Combine Synthetic Leather and Fur Processing, Leipzig
VEB Combine Footwear, Weissenfels
VEB Combine Leather Goods, Schwerin
VEB Combine Outerwear, Berlin
VEB Textile Combine, Cottbus
VEB Combine Outerwear, Loessnitz
VEB Combine Outerwear, Erfurt
VEB Combine Solidor, Heiligenstadt

Ministry for Construction of General Machinery, Agricultural Machinery and Vehicles (9 combines)

VEB IFA-Combine Commercial Vehicles, Ludwigsfelde
VEB IFA-Combine Passenger Automobiles, Karl-Marx-Stadt
VEB Vehicle and Hunting Weapons Works "Ernst Thaelmann," Suhl
IFA Combine Two-Wheel Vehicles
VEB Combine "Progress" Agricultural Machinery, Neustadt
VEB Combine Nagemma Packaging Machinery, Chocolate Machinery and Weighing Equipment, Dresden
VEB Combine Household Appliances, Karl-Marx-Stadt
VEB Combine Roller Bearings and Standard Parts, Karl-Marx-Stadt
VEB Combine Medical and Laboratory Equipment, Leipzig
VEB Combine Special Equipment, Dresden

Ministry for District Managed Industry and Foodstuffs Industry (18 combines)

VEB Combine Oil and Margarine, Magdeburg
VEB Combine Foodstuffs and Coffee, Halle
VEB Combine Confectionery, Delitzsch
VEB Combine Tobacco, Berlin
VEB Fish Combine, Rostock
VEB Combine Liquor, Wine and Sparkling Wine, Berlin
VEB Combine Wood Materials, Cabinet Hardware and Machinery, Leipzig
VEB Combine Musical Instruments, Markneukirchen/Klingenthal
VEB Combine Toys, Sonneberg
VEB Combine Sports Equipment, Schmalkalden
VEB Furniture Combine, Berlin
VEB Furniture Combine, Dessau
VEB Furniture Combine, Dresden-Hellerau
VEB Thuringia Furniture Combine, Suhl
VEB Upholstered Furniture Combine, Oelsa-Rabenau
VEB Furniture Combine, Robnitz-Damgarten
VEB Furniture Combine, Zeulenroda
VEB Combine Wood Trade, Berlin

Ministry for Glass and Ceramics Industry (7 combines)

VEB Combine Technical Glassware, Ilmenau
VEB Plate Glass Combine, Torgau
VEB Combine Lausitz Glassware, Weisswasser
VEB Combine Fine Ceramics, Kahla
VEB Thuringia, Sonneberg (Combine for the Construction of Glass and Ceramics Machinery)
VEB Combine Woodpulp and Paper, Heidenau
VEB Combine Packaging, Leipzig

Ministry for Geology (3 combines)

VEB Combine Crude Oil and Natural Gas, Gommern
VEB Combine Geological Research and Exploration, Halle
VEB Combine Geophysics, Leipzig

Ministry for Construction (21 combines)

VEB Building Materials Combine Chemicals, Halle
VEB Building Materials Combine Coal and Energy, Hoyerswerda
VEB Building Materials Combine, Erfurt
VEB Building Materials Combine South, Leipzig
VEB Building Materials East, Frankfurt/Oder
VEB Building Materials Combine, Magdeburg
VEB Building Materials Combine Industrial and Port Construction, Stralsund
VEB Special Construction Combine for Water Engineering, Weimar
VEB Motorway Construction Combine, Magdeburg
VEB Special Construction Combine, Magdeburg
VEB Light Metal Construction Combine, Leipzig
VEB Light Concrete Construction Combine, Dresden

VEB Cement Combine, Dessau
VEB Combine Aggregates and Natural Rock, Dresden
VEB Combine Building and Industrial Ceramics, Halle
VEB Combine Building Components and Fiber Building Materials, Leipzig
VEB Combine for Technical Building Equipment, Leipzig
VEB Combine Floor Tiles and Sanitary Ceramics "Kurt Buerger," Boizenburg
VEB Combine Building Materials Supply, Berlin
VEB Combine Construction Mechanization, Dresden
VEB Structural Engineers Combine for Equipment Exports, Dessau

Ministry for Transportation (3 combines)

VE Combines Marine Transportation and Port Management--Deutfracht/Marine Shipping, Rostock
VE Combine Inland Shipping and Waterways, Berlin
VE Combine Deutrans, Berlin

Ministry for Agriculture, Forestry and Foodstuffs (12 combines)

VE Combine Industrial Livestock Production, Berlin
VEB Slaughtering and Processing Combine, Eberswalde
VEB Combine Processing of Animal Raw Materials and Fur Production, Leipzig
VEB Combine Refrigeration and Warehousing Management, Berlin
VEB Combine Agricultural Machinery Repairs, Berlin
VEB Equipment Combine for Beef and Hog Facilities, Nauen
VEB Combine for Horticultural Equipment, Berlin
VEB Combine Rationalization Aids Crop Production, Sangerhausen
VEB Combine Sugar, Halle
VEB Combine Starch and Potato Processing, Halle
VEB Combine for Veterinary Vaccines, Dessau
VEB Combine Forestry Equipment, Waren

Ministry for Environmental Protection and Water Management

VEB Combine Water Engineering and Water Management Planning, Halle

Ministry for Trade and Supply

VEB Combine Trading Equipment, Berlin

Ministry for Materials Management (2 combines)

VE Combine Machinery Construction Trade, Berlin
VE Combine Secondary Raw Materials Recovery, Berlin

11698

CSO: 2300/369

ECONOMY

GERMAN DEMOCRATIC REPUBLIC

JURIST NOTES RISE IN ECONOMIC CRIMES

West Berlin IWE TAGESDIENST in German No 79, 24 May 86 p 1

[Article datelined IWE Berlin 24 May 86: "Growing Losses Due to Economic Crimes in the GDR"]

[Text] The director of East Berlin's municipal court, Dr Heinz Hugot, has called for a stepped up campaign against economic crime in the GDR. In a report, he noted that the number of crimes against socialist property and against the national economy had remained stable for years. However, the consequences for the economy had "become more serious and the losses greater." For that reason, the battle to suppress this crime and to overcome its causes and conditions needs to be intensified. According to Hugot, economic crime is being "promoted by flaws in order and security, by deficient controls in industrial transport, and by failure to explain differences in accounting and statistics." He said the courts must push more vigorously for changes and contribute "to heightening vigilance." Hearings before larger audiences, assessment of manufacturing processes and court criticism of business managers must be more directly oriented toward removing the conditions favoring criminal acts.

As noted in GDR crime statistics, every fourth crime is directed against socialist property or the national economy. The number of reported crimes against socialist property has been consistently around 21,000 per year for the last few years, but an estimated number of unknown cases must be added to that figure. On the other hand, the number of cases of fraud and breach of trust adversely affecting socialist property rose by over 1,000, to 6,747, in the period 1982-1984. In addition, there were 717 crimes against the national economy in 1984.

/8309

CSO: 2300/402

ECONOMY

ROMANIA

REPORTAGE ON JOINT ECONOMIC TALKS WITH JAPAN

Session Opens in Bucharest

AU141354 Bucharest AGERPRES in English 1139 GMT 14 May 86

[Text] Bucharest AGERPRES 14 May 1986--The ninth session of the Romanian-Japanese Joint Economic Committee started in Bucharest on 14 May.

The delegations, headed by the chairman of the committee for the two countries--Iulian Bituleanu, deputy minister of foreign trade and international economic cooperation, and Zenju Umeda, chairman of the "Kawasaki Heavy Industry, Ltd"--analyze the evolution and current stage of the economic relations between Romania and Japan, the ways and means of intensifying the bilateral goods exchanged, of further promoting the economic and technological cooperation both bilateral and on third markets.

Masanari Ozaki, Japan's ambassador in Bucharest, was present at the opening session.

Ceausescu Receives Japanese Businessmen

AU152100 Bucharest AGERPRES in English 1713 GMT 15 May 86

[Text] Bucharest AGERPRES 15 May 1986--On Thursday, 15 May, President Nicolae Ceausescu of Romania received the participants in the ninth session of the Joint Romanian-Japanese Economic Committee.

The interview was attended by Gheorghe Oprea, first deputy prime minister, Stefan Birlea, chairman of the State Planning Committee, executives of economic ministries, councillors, managerial staff in the financial system and foreign trade.

On behalf of the businessmen present, Zenji Umeda, chairman for Japan of the Joint Economic Committee, president of "Kawasaki Heavy Industries, Ltd," expressed warm thanks for the interview and highlighted the interest the companies represented take in the expansion and diversification of their links with enterprises in Romania, in the achievement of a mutually advantageous collaboration.

President Nicolae Ceausescu welcomed the participants in the session of the Joint Romanian-Japanese Economic Committee and wished full success in its proceedings. He expressed the wish that the proceedings of the session, the presence in Bucharest of a numerous delegation of Japanese businessmen representing

known Japanese companies would lead to the further expansion of bilateral collaboration on various planes and the attainment of the highest possible level of commercial exchanges, in line with the growing potential and development prospects of the two countries' economies, with the fine experience they have acquired in certain areas.

The significance was underscored which Romania attaches to the growth of relations with Japan on an economic plane, in technical and scientific cooperation, as well as in other areas of mutual interest. The fact that Romania and Japan share close stances on a number of fundamental issues of the international life--more particularly on those related to the ensurance of peace and the removal of the nuclear threat--provides conditions for the development of a productive collaboration of cooperation between Japanese companies and Romanian enterprises.

Nicolae Ceausescu showed that with a view to ensuring a fine development of economic collaboration among all nations the problems related to the maintenance of peace, the cessation of the arms race, the achievement of disarmament, nuclear disarmament in the first place, the elimination of all types of weapons should be solved, and placed emphasis on the need for governments, parliaments and political parties to commit themselves most responsibly to that goal, which meets the interests of each people, the interests of mankind as a whole.

Referring to the aggregate of problems in the world economy, President Nicolae Ceausescu showed they could be solved only with the participation of all the countries of the world, a special role in that respect devolving on the UN, which is the most appropriate framework for the resolution of problems and the identification of equitable solutions so that interstate relations may be set on new principles and a new international economic order may be established.

The interview passed in a cordial atmosphere.

Commission Ends Session

AU152106 Bucharest AGERPRES in English 1755 GMT 15 May 86

[Text] Bucharest, AGERPRES 15 May 1986--The proceedings of the ninth session of the Romanian-Japanese Joint Economic Committee ended in Bucharest on Thursday, 15 May.

An analysis was made of new ways to boost and diversify commercial exchanges on mutually profitable bases, to expand industrial and technical-scientific cooperation in various areas of mutual interest between relevant Romanian enterprises and Japanese companies. Aspects were also approached relating to Romanian-Japanese collaboration in third markets.

At the end of the proceedings, the chairmen of the two parties to the committee signed the protocol of the session.

The same day, the Japanese delegation had interviews with executives of the finance, machine building ministries and the Romanian Bank for Foreign Trade.

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ECONOMIC COOPERATION WITH DRPK REVIEWED

AU261750 Bucharest AGERPRES in English 1647 GMT 26 May 86

[Text] Bucharest AGERPRES 26 May 86--It is 11 years on 26 May since President Nicolae Ceausescu and President Kim Il-song signed a treaty of friendship and collaboration between Romania and the DPR of Korea in Bucharest, a document which, owing to the principled and practical significance of its provisions, went down as a major moment in the expansion and intensification of the friendly ties between the two countries.

Shortly after the signing of the treaty the framework of those ties was further expanded owing to another important document--the joint Romanian-Korean declaration (of 1978), which was followed by a long-term agreement on economic and technical-scientific collaboration and cooperation, until the year 2000.

In the period elapsed since the signing of that treaty the Romanian-Korean relations have developed continuously on the political, economic, technical, scientific, cultural and other planes. This ascending course bespeaks the significance of the links of friendship and solidarity between the Romanian Communist Party and the Workers' Party of Korea for the expansion and deepening of the Romanian-Korean cooperative bonds as a whole. A deciding role in this respect was played by the meetings and talks between President Nicolae Ceausescu and Kim Il-song, by the fine personal relations of friendship between the two party and state leaders.

In line with the need to translate into fact the decisions reached at summit level and in consideration of the growing possibilities offered by the national economies of the two countries, economic collaboration, commercial exchanges and cooperation in and specialization of production have developed. Over the past 10 years, the volume of commodity exchanges grew more than threefold. Romania exports to the DPR of Korea products manufactured by the machine-building and chemical industries, electronic components, ball bearings, paper, etc; and imports sintered magnetite, anthracite, hard metal plates, non-ferrous metals, rolled goods, various alloyed steels, and others. Furthermore, economic collaboration has expanded, Romania building the DPR of Korea such units as a pipe rolling mill, a polyacrylonitrile fibre, a cement mill, a wood-working combine and others.

Besides the long-term agreement on economic and technical-scientific collaboration and cooperation, Romania and the DPR of Korea also concluded an agreement

on commodity exchanges and payments over 1986-1990, as well as an aide-memoire on the development of economic links between the two countries. These documents, signed during the visit the Romanian head of state paid to Pyongyang last year, impart greater stability, as well as broader prospects to their bilateral cooperation. Both countries show further concern for a powerful growth of commercial exchanges and of mutually advantageous cooperation in production, on stable, long-term bases, in keeping with their increased possibilities. In view is the promotion of new ways and modalities of expanding the framework of economic collaboration in mining, machine building, construction materials, chemistry, transport, ocean fishing and other areas of mutual interest. Furthermore, relations have expanded in science, culture and other spheres of activity, which all contribute to better mutual knowledge of the achievements and concerns of the two countries, to their rapprochement, to the strengthening of their friendship.

The anniversary of the treaty is one more opportunity for the Romanian people to reassert its solidarity with the Korean people's just fight for the independent and peaceful reunification of its fatherland.

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ECONOMY

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PAPER REPORTS ON MINISTERS' SPEECHES TO AGRICULTURAL CONGRESS

Agriculture Minister's Address

AU041805 Bucharest SCINTEIA in Romanian 31 May 86 p 3

[Report on speech by Minister of Agriculture Gheorghe David to the "Third Congress of Agricultural Socialist Units' Councils, all Peasantry, and Working People's Councils in the Food Industry, Forestry, and Water Management" on 30 May in Bucharest]

[Text] The great speech made by Party Secretary General and President of the SR of Romania Comrade Nicolae Ceausescu at the opening of our congress brilliantly outlines, with revolutionary clear-sightedness, an authentic program for the activity of working people in agriculture, with a view to ensuring their participation, alongside the entire nation, in exemplarily fulfilling the targets and tasks arising from the 13th Party Congress decisions.

It is our conscience-bound duty to stress that the great achievements in the years of socialist construction, particularly after the Ninth RCP Congress, are indissolubly linked with the prominent personality and untiring activity of Party Secretary General Nicolae Ceausescu who has made and continues to make a decisive contribution to formulating the programs for the development and modernization of agriculture and to implementing the new agrarian revolution.

On behalf of all people active in the agricultural sector, allow me to express our warm homage and profound gratitude to the party secretary general for his constant care and support for the further development and modernization of agriculture.

Thanks to our party's wise policy, the volume of agricultural investments has increased yearly, something which created a strong technical and material base through further mechanization, additional land improvement operations, more livestock facilities, and the modernization and expansion of new tree plantations.

In this period we have made more efficient use of the land stock and of larger quantities of natural and chemical fertilizers and have improved the organization of work and production.

Our scientific research, which enjoys the direct leadership and guidance of Comrade Academician Doctor Engineer Elena Ceausescu, has supplied agricultural units with highly productive strains and hybrids as well as improved technologies for the vegetable and livestock sectors.

After referring to overall agricultural achievements, the speaker said:

However, examining with a feeling of communist responsibility the work done and the results attained, we must openly admit that they were not up to the possibilities available to our socialist agriculture. The failure to fully implement plan provisions for vegetable and animal production, particularly deliveries to state stocks, is due mainly to lack of sufficient concern on our part as well as on the part of the ministry, county agricultural bodies, and the managements and technical cadres in units, who did not work perseveringly and responsibly to observe established technologies, to carry out operations in a proper and timely way, eliminate routine and conservative attitudes, and to strengthen order and discipline.

We assure the congress that we have drawn all the necessary lessons both from the good results obtained by certain counties and agricultural units and particularly from shortcomings in our activity; we firmly pledge to take all necessary steps to avoid a repetition of these deficiencies and ensure that the entire agricultural work will further improve so as to fulfill expediently our highly responsible tasks in implementing the 1986 plan and the entire 5-year plan.

At the initiative of and with a decisive contribution by our party secretary general, we drafted and endorsed special programs for each production sector, with a view to improving agricultural work; likewise, steps were taken to create an appropriate organizational framework aimed at attaining all targets of the new agrarian revolution. The provisions of our programs reflect the orientations and guidelines laid down by Comrade Nicolae Ceausescu for accentuating the qualitative aspects of all-round activities and strengthening the intensive facets of production, something which primarily requires a substantial increase in vegetable and animal production, labor productivity, and economic efficiency in all agricultural sectors and units.

After discussing in detail the steps taken to implement the special programs for the intensive development of agriculture, the speaker said:

On behalf of the cadres in the Ministry of Agriculture and other central and county agricultural bodies, I fully endorse the tasks and requirements included in the brilliant speech made by the party secretary general at the opening of our congress; he requested us to eliminate bureaucracy from our activity and take more dynamic action to resolve promptly all problems raised by life and production. Fully agreeing with these demands, which were clearly made by Comrade Nicolae Ceausescu, the personnel of our ministry, central departments, and all agricultural bodies is determined radically to improve their working style and methods, shift the center of their activity to production units where the fate of the crops is being decided, and directly improve themselves in directly productive work, thus contributing to the exemplary attainment of the targets of the new agrarian revolution.

Please allow me to express again our full endorsement for the domestic and foreign policy initiated and promoted with revolutionary consistency by our

party secretary general and the president of the country. I assure the congress that we will do all we can to ensure that our socialist agriculture substantially increases its contribution to the development of our national economy and to the continuous flourishing of our socialist fatherland.

Food Industry Minister's Speech

AU071507 Bucharest SCINTEIA in Romanian 31 May 86 p 2

[Report on speech by Gheorghe Pana, minister of Food Industry and Acquisition of Farm Products, to the Third Congress of the Management Councils of the Socialist Agricultural Units, of All Peasantry, and of the Working People's Councils in the Food Industry, Silviculture, and Water Management, in Bucharest on 30 May]

[Text] Under the strong impression of the masterly speech delivered by Comrade Nicolae Ceausescu, please allow me to voice our boundless gratitude to the party secretary general for everything he had done and is doing to raise Romania to new heights of progress and civilization and to ensure the well-being and happiness of the people, in this glorious epoch of wonderful achievements, an epoch which, with deep patriotic pride and dignity, as a sign of great honor given to its brilliant founder, we call the "Nicolae Ceausescu Era."

The essential characteristic of the current stage in our country's development is the concern--that springs from the renewing theory of the party secretary general--with the strong assertion of the achievements of the scientific-technical revolution, a fundamental factor in accelerating the pace of the intensive development of the national economy, to which a significant contribution was made, through her entire activity, by Comrade Elena Ceausescu, outstanding politician and scientist, highly valued and appreciated throughout the world for the consistency with which she promotes the values of science and culture to the service of progress and peace.

Together with the other branches of the national economy, the food industry has strongly developed in the past 20 years, this development being reflected both in the increase and diversification of the range of products and in the improvement of their quality and efficiency.

We inform the Congress that, starting with 1986, all the technological equipment needed by the food industry will be completely manufactured in Romania and will be--through its technical and functional parameters--up to the level of the equipment manufactured in countries with a rich tradition in this field.

Developing production capacities and improving technological processes, thus better utilizing the raw materials, and continuously increasing the agricultural products earmarked for industrialization, made possible the annual increase of products, particularly sugar, fish, butter, bread products, canned food, processed and semi-processed foodstuff, and other projects.

Analyzing the activity we have carried out so far, in the spirit of the requirements formulated by Comrade Nicolae Ceausescu, we must nevertheless admit

that in our work, that is, the work of the communists and of the working people in ministries, centrals and industrial enterprises, a number of shortfalls were manifest which determined the nonfulfillment of the 1985 plan at the major indicators. Neither have we fulfilled the commodity production and the item specified production, in the first 4 months of this year; we also have not fulfilled the export tasks. The shortfalls that have been manifest prove the fact that we have not sufficiently used the created organizational framework and more than that, we have not succeeded in improving our working style and methods and in strengthening order and discipline in order to fulfill the tasks of great responsibility the party has bestowed upon us.

We report to the congress that we have analyzed these shortfalls with great responsibility and have established the appropriate measures that will lead to the radical improvement of all our activity.

We benefit by the direct support of the party secretary general and starting from the orientations and recommendations he formulated when he analyzed the programs of organizing and modernizing production and the application of the overall contract system, in the current 5-year plan the food industry will go through a great process of renewal with a view to increasing production, more efficiently utilizing the existing capacities, better utilizing raw materials, and increasing profitability and economic efficiency.

Stressing the fact that the tasks and recommendations included in the speech Comrade Nicolae Ceausescu delivered at the opening of the congress will become a work program for the working people in the food industry, too, the speaker said further: We will concern ourselves more intensively with managing and better utilizing agricultural production by improving the manufacturing technologies and the recipes by continuously reducing the consumption norms and we will daily follow the attainment of the item specified production and the export production, the delivery to the market stock, and the other indicators. Likewise we will give a greater impetus to scientific research in solving the problems that emerge from the modernization of production and in improving and diversifying the range of products. Starting from the levels established in the foodstuff and light beverage production programs, together with the Machine Building Ministry we established the manufacturing and assembling schedule of the necessary equipment. Likewise, we established the raw material resources which can guarantee the fulfillment of these programs.

We are determined to improve our style and methods of work at all levels, introduce in our entire activity--as requested by Comrade Nicolae Ceausescu yesterday--a new, revolutionary spirit in deeds and thinking, and improve the activity of the collective management bodies, being convinced that all these will guarantee the fulfillment of the tasks of great responsibility we have for this year and for the overall 5-year plan period; thus we will make our contribution to implementing the objectives established by the 13th RCP Congress on steadily improving the material and cultural standard of living of our whole nation.

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LAND IMPROVEMENT TO INCREASE FARM PRODUCTION

AU191628 Bucharest AGERPRES in English 1038 GMT 19 May 86

[Text] Bucharest AGERPRES 19 May 1986--The rational utilization and steady improvement of land's productive potential are major goals of the agrarian policy promoted by Romania.

Starting from these imperatives of national concern large investment funds have been allotted from the state budget over the past 20 years which have materialized in irrigation systems, drainage and soil erosion control projects as well as in complex flood control works and large storage lakes. At present Romania boasts large irrigation systems in zones where rainfall is scarce (especially in the south). The total area laid out for irrigations increased from 230,000 ha [hectares] in 1965 to 3.1 million ha at present. Wide-scope works were performed to prevent floods and reduce humidity on large areas. Some 3 million ha undergoing drainage operations as to 789,000 ha in 1965. Erosion control works were made in hilly zones following which 2.1 million ha were reclaimed for agriculture.

The land improvement programme in force (adopted in 1983), without precedent in the country's agriculture, for the implementation of which some 100 billion lei were earmarked, stipulates complex works decisive for increasing farm production. According to the programme in 1990 the area laid out for irrigations will be of 5.5-5.6 million ha covering the country's whole irrigable land. Excess humidity prevention works correlated with river regulation and damming operations will see a faster pace especially in Timis, Arad, Maramures, Satu Mare, Bihor, Brasov, Covasna, Harghita and other counties. Over 4.6 million ha will be drained by 1990. Soil erosion control works will be performed to reclaim hilly land as well as water management operations priority being given to the basins of the rivers Arges, Dimbovita, Olt, Siret and Buzau. Soil erosion works will finally cover 3.4 million ha.

Land improvement operations are performed concomitantly with soil planning and organization. Following these works 500,000 ha will be reclaimed for agriculture the country's total agricultural area being of at least 15 million ha in 1990 of which 10 million ha is arable land.

It is estimated that following the works stipulated in the land improvement programme alone the productive capacity of the soil will increase by some 50 percent with arable land, 25 percent with vineyards and 20 percent with orchards.

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25 PERCENT OF ELECTRICITY TO COME FROM WATER BY 1990

AU200956 Bucharest AGERPRES in English 0932 GMT 20 May 86

[AGERPRES headline: "Intense Energy Flow on Inland Rivers"]

[Text] Bucharest AGERPRES 20 May 1986--The 19 waterpower stations on the Arges and Dimbovita have added 10 million kwh more than planned to the national electric grid system, which is a proof of the efficiency of the complex power system on the Arges, which totals 18 hydroelectric stations with an installed generating capacity of over 500 mw.

After the Bistrita, the Arges was the second river to be developed in Romania. The largest waterpower plant on the Arges--at Vidraru--has an installed generating capacity of 220 mw and is located in the underground. It represented a true exam for Romanian power engineers who erected on the same river 15 stations downstream and 2 upstream.

River development operations on the Dimbovita have started only recently. One hydroelectric station--at Pecineagu-Clabucet (64 mw)--has already been put on line and another three--having a total installed generating capacity of 75 mw--and being in the vicinity of Dragoslava, Rucar and Frasinet--are under construction.

The complex development of the two rivers has provided for the supply of both electric energy and potable water to the Romanian capital, as well as for the irrigation of a large farming area.

The Romanian energy programme envisages that in 1990 roughly one quarter of the electric power supplied to the national system will be generated in waterpower plants. By 2000, the hydropower potential--put at an estimated 24 billion kwh a year--will have been integrally capitalized. Twelve billion kwh will be generated by inland rivers and the rest by the Danube.

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POLITICS

INTERNATIONAL AFFAIRS

REPORTAGE ON BALKAN YOUNG PARLIAMENTARIANS MEETING

Nicu Ceausescu Addresses Seminar

AU211845 Bucharest AGERPRES in English 1800 GMT 21 May 86

[Text] Bucharest AGERPRES 21 May 1986--The works of the Balkan seminar of young parliamentarians began in Bucharest on 21 May.

Young parliamentarians and representatives of youth organizations from Bulgaria, Greece, Yugoslavia and Romania attended the seminar.

For three days, information and experience will be exchanged on the operation of state power bodies at a central and local level, on the participation of young parliamentarians from the Balkan countries in the transformation of this region into a zone of peace and cooperation. Possibilities to expand and diversify collaboration on youth affairs in the Balkans are also examined.

During the opening session, Nicu Ceausescu, alternate member of the Executive Political Committee of the CC of the RCP, first secretary of the Central Committee of the Union of Communist Youth, minister for youth affairs, took the floor and addressed the participants a warm salute from the Romanian youth. He pointed out that, in Romania's and President Nicolae Ceausescu's opinion, the development of cooperation and the strengthening of confidence and security in the Balkans are part of the efforts to safeguard peace and security the world over. The resolve of the Romanian youth was expressed to further work for the building of a climate of peace, understanding and collaboration in the Balkans, in the European continent and throughout the world.

Parliamentarians Seminar Ends

AU231940 Bucharest AGERPRES in English 1651 GMT 23 May 86

[Text] Bucharest AGERPRES 23 May 1986--On 23 May proceedings concluded in Bucharest of a Balkan seminar of young parliamentarians. By the side of young parliamentarians also participating in the seminar were representatives of youth organizations of Bulgaria, Greece, Yugoslavia and Romania.

During the seminar participants approached aspects related to the role of the young generation, of the young parliamentarians, and the contribution to the

process of economic and social development, to turning the Balkans into a zone of peace, good neighbourliness, understanding, and collaboration among peoples.

A fruitful exchange of opinions, information and experience has been achieved in point of the participation of the youth in decision making at all levels, in finding new ways and means to help enhancing the contribution of the young generation on a national plane, in consensus with the realities, priorities and objective demands in each country, to developing and expanding the cooperation on a youth line in the Balkans.

On the occasion there were paid calls on the Grand National Assembly and the Ministry of Foreign Affairs, interviews with Bucharest youth and students were organized.

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INTERNATIONAL AFFAIRS

ROMANIA HOSTS FOLKLORE FESTIVAL FOR BALKAN YOUTHS, STUDENTS

Nicu Ceausescu Opens Event

AE171728 Bucharest AGERPRES in English 1628 GMT 17 May 86

[Text] Bucharest, AGERPRES 17 May 1986--The Folklore Festival of the Youth and Students in the Balkans, a wide-ranging event sponsored by the Romanian National Committee for the international youth year, opened in the municipality of Cluj-Napoca (lying in the northwestern part of Romania) on Saturday, 17 May. It was entered by artistic ensembles from Bulgaria, Greece, Turkey, Yugoslavia and Romania.

The festival was opened by Nicu Ceausescu, alternate member of the executive political committee of the CC of the RCP, first secretary of the Central Committee of the Union of Communist Youth, who referred in his address to the activity carried on by the Romanian youth and its revolutionary organizations for the implementation of the socioeconomic development programmes set by the thirteenth congress of the RCP. The youth's active participation in the spiritual life of society and their contribution to enriching the cultural heritage were shown to be major concerns and emphasis was placed on the fact that the "Song to Romania" National Festival of Work and Creation provided a highly encouraging framework in that respect.

The significance of the Folklore Festival of Youth and Students in the Balkans was highlighted and the fact was underscored that it conclusively proved the truth that the peoples' folklore and cultural traditions, furthered by present-day generations, can and must turn into an active factor of friendship, collaboration and peace, of the efforts for the building of a better and more just world. The belief was expressed that the youth in those countries would further work firmly, alongside their peoples, for the transformation of the Balkans into a zone of peace, understanding and good neighborliness, free of nuclear and chemical weapons, as a prerequisite for the attainment of their vital aspirations after freedom and independence, prosperity and progress.

For three consecutive days folk ensembles of youth and students from this part of Europe will perform before the audience in this ancient Romanian Transylvanian town a rich cultural-artistic programme including specific folk songs, dances and traditions. Furthermore, the festival will be an opportunity for a productive exchange of experience on the concerns shared by

the youth in Balkan countries for the promotion of the perennial assets of folk creation, the enrichment of the national artistic heritage, and the furtherance of the lofty ideals of peace, understanding and cooperation among peoples.

Three-Day Festival Concludes

AU191855 Bucharest AGERPRES in English 1818 GMT 19 May 86

[Text] Bucharest AGERPRES 19 May 1986--Monday, 19 May, 1986 concluded the first edition of the Folk Festival of Youth and Students in the Balkans, in northwestern Romania town Cluj-Napoca. Participating in this highly valuable cultural event of high artistic standing were representative folk groups of youth and students of Bulgaria, Greece, Yugoslavia, Turkey, and Romania.

For three days the festival occasioned a fruitful exchange of experience on the promotion of genuine folk creation, of the folk traditions in the ranks of the youth. With its rich program that consisted of many shows, a costume parade and round-table conferences, the festival also occasioned a true folk celebration in which the youth of this part of Europe expressed their will of peace, friendship and collaboration, of a better and juster world.

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INTERNATIONAL AFFAIRS

BRIEFS

ROMANIA HOSTS MEETING--Bucharest, AGERPRES 28 May 1986--The proceedings of the Bureau of the Trade Unions International of workers in the Metal Industry took place in Bucharest on 27 and 28 May. Questions were debated related to the task incumbent on the organization in preparation for the eleventh World Trade Union Congress (Berlin, September 1986) and for the conference of the Trade Unions International of workers in the Metal Industry to be held next year, as well as to the intensification of the fight for peace and [word indistinct] progress of Metal Workers Trade Unions. The proceedings were attended by Reinhardt Sommer, president of the organization, Alain Stern, secretary-general, as well as by representatives of metal workers' trade unions from 12 countries on all continents: Bulgaria, Colombia, Congo, Czechoslovakia, Ecuador, France, the German Democratic Republic, India, Romania, Syria, Turkey, and the USSR. [Text] [Bucharest AGERPRES in English 1820 GMT 28 May 86 AU] /12913

ROMANIAN LEADERS SEND MESSAGE--On the 41st anniversary of Czechoslovakia's liberation from fascist domination, Comrades Nicolae Glosan, chairman of the Grand National Assembly; Ilia Vaduva, minister of Foreign Affairs; and Colonel General Vasile Hileu, minister of National Defense, sent congratulatory cables to their counterparts in the CSSR. Similar congratulatory cables were sent by the National Council of the Socialist Democracy and Unity Front, the Central Council of the Union of General Trade Unions of Romania, the Central Committee of the Union of Communist Youth, and by other central institutions and mass and civic organizations to similar such institutions and organizations in the CSSR. [Text] [Bucharest SCINTULA in Romanian 9 May 86 p 6 AU] /12913

GDR'S HONECKER THANKS CEAUSESCU--To Comrade Nicolae Ceausescu, RCP Secretary General and President of the SR of Romania. Dear Comrade Nicolae Ceausescu, I extend to you and to the RCP Central Committee cordial thanks for the greetings you conveyed to me on the occasion of my reelection to the office as general secretary of the SED Central Committee. I firmly believe that the comradely relations between our parties and countries will continue to develop and consolidate, for the well-being of both peoples and in the interest of the joint cause, of socialism, and peace. With communist greetings, Erich Honecker, general secretary of the SED Central Committee and chairman of the State Council of the GDR. [Text] [Bucharest Scintula in Romanian 27 Apr 86 p 6 AU] /12913

ECP ANNIVERSARY--To Comrade Nicolae Ceausescu, RCP secretary general Esteemed Comrade Ceausescu, On the occasion of the 65th anniversary of the RCP creation, I extend to you cordial greetings and best wishes, on behalf of the Presidium of the LCY Central Committee and on my own behalf. During the past 6 and 1/2 decades, your party has attained important results in the struggle waged against nonpopular regimes and gained valuable experience in building the socialist society. We sincerely rejoice in all your achievements and wish you new successes in the material, social, and cultural development of the SR of Romania. I believe that, in the future too, the cooperation between the LCY and the RCP will successfully develop in the interest of the peoples in our countries and in the interest of peace, social progress, and socialism. Vidoje Zarkovic, president of the Presidium of the LCY Central Committee.
[Text] [Bucharest SCITEIA in Romanian 13 May 86 p 5 AU] /12913

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POLITICS

ALBANIA

AWP PAPER CRITICIZES RECENT SOVIET DIPLOMATIC MOVES

AU241604 Tirana ZERI I POPULLIT in Albanian 18 May 86 p 4

[Shaban Murati article: "The Diplomacy of Unenforceable Proposals"]

[Text] The frequent presentation of proposals and initiatives in the foreign policy field is a traditional style of Soviet diplomacy. But a propaganda and diplomatic bombardment of international public opinion such as has been personally undertaken during the past 4 months at the highest level of the Soviet leadership is unprecedented.

In a television speech delivered on 14 May, Mikhail Gorbachev proposed to the United States to join the Soviet moratorium "banning nuclear tests," which he extended to 6 August 1986. He proposed at the same time an out-of-turn summit with President Reagan to be held in Hiroshima in order to discuss the question of nuclear tests.

Looking at the matter retrospectively, we will mention some of the proposals made by Gorbachev himself during the past 4 months, not mentioning other proposals made by Soviet officials in various forums and on various occasions. Gorbachev has proposed a meeting of the five nuclear powers in Europe, the creation of zones free from chemical weapons, the reduction of nuclear and conventional weapons in an area stretching from the Atlantic to the Frals, the holding of an all-Asian regional security conference, the abolition of the two military blocs, NATO and the Warsaw Treaty, the holding of talks between the United States and the Soviet Union concerning the Mediterranean, and his 15 January 1986 proposal in which he promised "the liquidation of all nuclear weapons on earth," setting a time limit of 15 years.

Even a superficial examination shows that these Soviet proposals are either a new edition of old proposals or are a part of continuation of each other. The substance of the proposals is of no interest to Soviet diplomacy, only the number of proposals.

Why has the Soviet leader committed himself personally to such a great extent in the diplomacy of unenforceable proposals in the field of foreign policy? This can be explained not so much by the political school and tradition that he found in the Kremlin, as by the current demands of the international

strategy of the Soviet Union. It is necessary to point out that the diplomacy of proposals is not a mere propaganda maneuver, although propaganda intentions constitute one of its important components. It is more in the nature of a calculated advance, a thought out move on the international chessboard intended to secure the strongest possible political and diplomatic positions. This advance is aimed primarily at sovereign and independent peoples and countries, which Soviet policy and influence intends to penetrate. This kind of diplomacy is not only intended to portray a "peaceful portrait" of the Soviet Union, but is also intended to seek from these peoples and countries assistance and support for every Soviet foreign policy move. In other words, Moscow is seeking to convert into instruments various sovereign peoples and countries in order to achieve well-known objectives of its foreign policy.

The diplomacy of proposals is also aimed at the United States and must be viewed in the context of that bitter political, diplomatic, economic, and military rivalry in which the two superpowers are engaged in every region of the world. The confrontation between the two superpowers can no longer find empty spaces and, consequently, becomes more exacerbated.

Comrade Ramiz Alia has stated that "a new moment in this confrontation arises from the fact that the bilateral tensions have shifted toward the periphery, to those areas where the borders of the military blocs merge." This new moment further complicates the political and diplomatic struggle between them, and the fact that most of the proposals that have been made effect our continent is not fortuitous. Through its repeated proposals, the Soviet Union is seeking to prevent the United States from making counterproposals. In other words, it is seeking to place the United States in a difficult position and make it more amenable to the Soviet conditions pertaining to mutual talks.

By means of such a maneuver Moscow is also aiming at the allies of the United States, particularly the European allies. With regard to the well-known tactic used by the superpowers of placing wedges in the relations with each other's allies, the Soviet offensive is intended to attract Western Europe in the direction of its "peaceful" proposals. This is not done so much in order to tie these countries up behind the Soviet Union, which is difficult owing to current European circumstances and the mechanism of the Atlantic alliance, but merely to draw them away from the United States. The Soviets are thus seeking to exploit the predisposition of a "united Europe" to be on good terms with both superpowers.

Committing himself personally to the diplomacy of proposals, Mikhail Gorbachev is seeking to increase its "credibility," this being a card that he has been striving to play quite a lot since he came to power. This is a difficult undertaking since credibility is based on facts, and the facts prove that the proposals, talks, or agreements between the superpowers are part and parcel of their imperialist foreign policy.

The current state in the arms race pursued by the superpowers shows clearly to what extent former proposals to reduce or limit nuclear, chemical, space, and other weapons, or nuclear tests, have served anything or brought anything about. Such lack of results also lies in the logic of their policy and international strategy. It is within this context that the diplomacy of proposals, in which even Moscow does not believe, must be viewed.

POLITICS

ALBANIA

CARCANI ADDRESSES PASTURE IMPROVEMENT MEETING

AU280917 Tirana ATA in English 0800 GMT 28 May 86

[Text] Tirana, May 28 (ATA)--In implementation of the tasks of the 13th and 14th plenums of the CC of the party and the instructions of Comrade Ramiz Alia, the Ministry of Agriculture in collaboration with the Executive Committee of Vlore District People's Council organized a national meeting of activists on the improvement of natural pastures and their full exploitation.

The meeting was also attended by the member of the Political Bureau of the Central Committee of the party and chairman of the Council of Ministers, Comrade Adil Carcani.

Comrade Adil Carcani and the participants in the meeting went to the large pasture area of Shashica, where the director of the districts pasture enterprise acquainted them with the work done to improve the 1,130 hectare pasture area, with the achievements scored in the increase of the producing area, with the extension of the cultivated areas.

In the report delivered at the meeting the minister of agriculture, Themie Thomai, pointed out that the working people of agriculture have improved their work with pastures by increasing their producing capacity and ensuring drinking water for livestock. Hence, in 1985, 5,300 hectares of pastures were improved considerably whereas 1,300 hectares were newly laid. As a result of the work done during the 6th Five-Year Plan, the bearing capacity of the pastures was enhanced with 198,000 herds. The report laid the stress on the major tasks set by the 8th Five-Year Plan in regard to the improvement of the pastures.

Leading cadres of the organs of the state power, agriculture departments, specialists and distinguished herdsmen also took the floor in the meeting. The meeting was addressed then by Comrade Adil Carcani who brought those present the greetings of the Central Committee of the party and Comrade Ramiz Alia personally. He dwelt on some main questions of the method of the organizing and leading work which are linked with the development of livestock farming.

Comrade Adil Carcani went on to speak about the considerable investments made by the state every five-year plan period for the improvement of pastures, according to the directive of the party and the teachings of Comrade Enver Hoxha. He emphasized the tasks which emerge in regard to the realisation of the large state investments in the sector of pastures during the current five-year plan, pointing out that these investments will be 5 times higher than in the last five-year plan.

In conclusion Comrade Adil Carcani expressed his conviction that the working people, specialists and cadres dealing with pastures will carry out all the tasks this year and will go to the jubilee of 45th anniversary of the founding of the party and its 9th congress with even higher successes. He met and talked with a group of distinguished herdsmen of Rinia Agricultural Enterprise and with youth of the pasture clearing team in Shashica. Comrade Adil Carcani made also a visit to the sector of the cultivated meadows for seed production which takes up an area of 23 hectares.

/8309

CSO: 2020/149

POLITICS

ALBANIA

BRIEFS

AGREEMENT WITH SWEDISH TELEVISION--Tirana, May 17 (ATA)--The agreement on the cooperation between the Albanian Television and the Swedish Television for the 1986-1988 period was signed in Stockholm. The agreement was signed for the Albanian side by the director of the Albanian Television Virgjil Kule and for the Swedish side by the director of the Swedish Television, Sam Nilson. The signing ceremony was attended by the director of the No 2 Channel of the Swedish Television, Olaf Hanson, the director of the section of the educative programs, Borje Dahlkvist, the vice director of the No 1 Channel of the Swedish Television, Hans Bonevier, and others. Present was the charge d'affaires a.i. of the Embassy of the PSR of Albania in Sweden, Alqi Andoni. In the context of this agreement the two sides will exchange television programs, different films and documentaries. They will reciprocally help each other in filing important cultural and scientific activities which will be organized in Albania and Sweden. They will also take part in the activities organized by the institutions of the two countries. [Text] [Tirana ATA in English 0740 GMT 17 May 86] /8309

ALIA GREETES ARGENTINA'S ALFONSIN--Tirana, May 25 (ATA)--The President of the Presidium of the People's Assembly of the People's Socialist Republic of Albania, Comrade Ramiz Alia, sent the following message of greetings to the President of the Republic of Argentina, Raul Alfonsin: On occasion of your national day, I have the pleasure on behalf of the Albanian people, the Presidium of the People's Assembly and in my name, to convey cordial greetings to you and through you to the friendly people of Argentina. I wish your people continuous successes in the work for the prosperity of the homeland and their happiness. I express the conviction that the friendly relations between our two countries will develop constantly. [Text] [Tirana ATA in English 0730 GMT 25 May 86] /8309

ALIA, LEADERS ATTEND CONCERT--Tirana, May 23 (ATA)--The May concerts, organized by the Executive Committee of Tirana District People's Councils in the framework of the jubilee year of the 45th anniversary of the founding of the party and its 9th congress, continued for several days in the capital. A concert with selected items by the participating groups in these concerts was given in the hall of the opera and ballet theater yesterday evening. The concert was

attended by Comrade Ramiz Alia, First Secretary of the Central Committee of the party and President of the Presidium of the People's Assembly, as well as comrades Adil Carcani, member of the Political Bureau of the Central Committee of the party, and chairman of the Council of Ministers, Hekuran Isai, Muho Asllani, Pali Miska, Rita Marko, Simon Stefani, Besnik Bekteshi, Foto Cami, Llambi Gegprifti, Prokop Murra, Girjako Mihali, the secretary of the Central Committee of the party, Vangjel Cerrava, the First Secretary of the District Party Committee, Pirro Kondi, the members of the Central Committee of the party, the Presidium of the People's Assembly and Government. [Excerpts]
[Tirana ATA in English 0730 CMT 23 May 86] /8309

CSO: 2020/149

POLITICS

HUNGARY

NEW PRESS LAW TO TAKE EFFECT 1 SEPTEMBER 86

Text of New Law

Budapest MAGYAR KOZLONY in Hungarian No 16, 22 Apr 86 pp 429-433

[Law No II of 1986 on the Press]

[Text] The Constitution of the Hungarian People's Republic guarantees freedom of the press. Anyone has the right to communicate his views and works through the press, provided they do not violate the constitutional law and order of the Hungarian People's Republic.

To promote the full assertion of this basic right, the National Assembly hereby enacts the following law:

Chapter I. Basic Provisions

Law's Scope

Section 1

1. The present law applies to press-related activity on the territory of the Hungarian People's Republic, and to the press-related activity of Hungarian citizens or Hungarian organizations abroad.
2. International agreements or reciprocity governs the press-related activity in Hungary of foreign diplomatic missions in, or accredited to, the Hungarian People's Republic, and of foreign consulates, institutions operating under the supervision of foreign diplomatic missions, and international organizations.

Duty of the Press

Section 2

1. In the Hungarian People's Republic, everyone has the right to information about questions that concern his immediate environment, his country or the world. It is the duty of the press to provide--in harmony with the other means of communication--truthful, accurate and prompt dissemination of information.
2. The press shall present an accurate picture of the political, economic, scientific and cultural life in the Hungarian People's Republic, of international events, and of the lives of other countries and peoples, especially of the efforts to preserve peace and security and to promote social progress.
3. The press shall help to explain the interrelations between social phenomena and shall mobilize for social action.

Section 3

1. The dissemination of information in the press must not violate the constitutional law and order of the Hungarian People's Republic, its international interests, the rights and lawful interests of Hungarian citizens and legal entities, or offend public morals.
2. The dissemination of information must not violate human rights or serve to justify crimes against mankind, stir up war, incite hatred of other peoples, spread chauvinism or advocate discrimination based on nationality, race, creed or sex.
3. Advertisements must be published separately from the dissemination of information and must be clearly identified as such. The dissemination of information must not serve as disguised advertising.

Obligation to Provide Information

Section 4

1. State agencies, business organizations (Section 685, Item c, of the Civil Code), voluntary public organizations, and societies are obliged to aid truthfully, accurately and prompt dissemination of information through their own initiatives, and also by making the necessary information and data available to the press. A request for information must be refused if the information would violate the prohibitions of Section 3, Paragraph 1, or if it would reveal a state, official, industrial (business) or personal secret when the organization or person authorized to permit disclosure has not done so.
2. The person who provides information for the press must provide true information.
3. The person who provides information is entitled to the protection specified in the statutory regulations safeguarding persons who make statements or proposals of public interest.

Section 5

The press may disseminate, even without the consent of the interested parties, information about the public sessions of state agencies, business organizations, voluntary public organizations, societies, their respective committees, and about the proceedings in open court.

Obligation to Answer

Section 6

1. When the press publishes a statement or proposal of public interest and requests a reply, the state agency, business organization, voluntary public organization or society concerned is obliged to investigate the statement or proposal and give the press an answer.
2. At the request of the organization concerned, the press must publish the answer without changing its content.

Chapter II. Organization of the Press and the Newsman

Periodical's Founder

Section 7

1. A state agency, business organization, voluntary public organization or society may found a periodical.
2. The founder of the periodical:
 - a. May specify the periodical's goal and character, and may set and control its policy;

- b. Provides the conditions for the periodical's operation;
- c. Decides who will be chief of the periodical's editorial office (Section 18, Paragraph 2, Item a);
- d. Is financially responsible for the periodical's operation.

Periodical's Publisher

Section 8

- 1. A periodical may be published by its founder; furthermore, by an organization authorized to engage in publishing.
- 2. If the periodical is published by an organization authorized to engage in publishing, it provides--in accordance with the instructions of the periodical's founder--the personnel and material conditions necessary for publishing.
- 3. The publisher exercises the employer's rights over the chief of the editorial office, except the right of hiring, firing, and disciplinary action. Further exceptions regarding the exercise of the employer's rights may be made by statute.

Hungarian Radio, Hungarian Television

Section 9

- 1. Hungarian Radio, respectively Hungarian Television, may produce and publicly broadcast radio and television programs. Other agencies may likewise be authorized by statute to produce and publicly broadcast radio and television programs.
- 2. Also a state agency, business organization, voluntary public organization or society may establish a radio or television studio of a local nature (hereinafter: local studio). The provisions regarding a periodical's founder and its publisher apply in like manner to these organizations as well.
- 3. The local studio is authorized to produce a radio or television program, and to broadcast it publicly in the manner specified by statute.

HUNGARIAN TELEGRAPH AGENCY

Section 10

As the national news, press and photo service, the HUNGARIAN TELEGRAPH AGENCY performs the tasks of the domestic news service and also participates in disseminating information abroad.

The Newsmen

Section 11

- 1. In the course of practicing his profession, a person who by occupation is engaged in the information-disseminating activity of the press (hereinafter: the newsmen):
 - a. May request information from any organization or private individual;
 - b. May--but must if requested to do so--keep confidential the name of his source of information; if the information concerns a crime, the provisions of criminal law apply;
 - c. Must prepare the received information, and his own findings, for communication to the public, with due circumspection and checking, truthfully reporting all the facts and events in their entirety;
 - d. Must submit for approval, if requested to do so, any statement he is preparing for communication to the public; he may not publish the statement if the person making the statement objects because the newsmen has misquoted him;

- e. Must refuse to cooperate in formulating the content of the communication if this would be in conflict with the provisions of the present law.
2. If the press adds comments to the statement (Section 11, Paragraph 1, Item d) or answer (Section 6, Paragraph 2), it must report also the interested party's remarks regarding the comments.
3. If the editor significantly changes the content of the material that the newsmen presents for communication to the public, the newsmen's consent is necessary for publication under his byline. In such cases, the approval required--pursuant to Paragraph 1, Item d--of the person making the statement must be obtained anew.
4. In the course of practicing his profession, the newsmen is entitled to the protection that is specified in the statutory regulations protecting the person who makes a statement or proposal of public interest.

Chapter III. Administrative Supervision of the Press Licensing

Section 12. Unless statute provides otherwise, a license is required to produce a publication and communicate it to the public, to found a periodical, or to establish a local studio.

Section 13

A license is not required to produce and communicate to the public the following:

- a. Individual issues of a periodical, the news bulletins of the HUNGARIAN TELEGRAPH AGENCY, newsreels, the national and regional programs of Hungarian Radio and Hungarian Television, individual programs of a local studio, and the audio-, videorecordings and films made by Hungarian Radio or Hungarian Television;
- b. Publications not included under Item a, published by an organization that the Council of Ministers designates as authorized to engage in publishing;
- c. Publications that the Council of Ministers has exempted from licensing.

Section 14

1. A license must be denied:

- a. If the content of the publication violates the prohibitions under Section 3, Paragraphs 1 and 2;
 - b. If a crime or a petty offense is committed by means of the publication.
2. A license may be denied if the personnel and material conditions specified by statute as necessary for the production of a publication and its communication to the public are lacking.

Section 15

1. A license must be revoked if its denial would be in order; a license may be revoked if its stipulated conditions have not been observed.
2. The court will hear an appeal from the administrative decision denying or revoking a license to produce a publication and communicate it to the public.
3. In the prosecutor's motion, the court may ban the communication to the public of a publication, or of a document not regarded as a publication, if it violates the provisions of Section 14, Paragraph 1. The prosecutor

may immediately suspend the communication of such a publication or document to the public. The prosecutor's suspension order expires when the court's decision on the merits of the case becomes final.

Imprint

Section 16

Unless statute provides otherwise, the publication must show the most important data on publishing and editing (the imprint).

Prohibition of Communication to the Public

Section 17

1. Communication of a publication to the public is prohibited:
 - a. If the court, or the authority trying petty offenses, has ordered the confiscation of the publication;
 - b. Until the publication is released, if the authorities acting in criminal cases or trying petty offenses have seized the publication;
 - c. If the prosecutor has issued a suspension order for, or the court has banned (Section 15, Paragraph 3), the publication's communication to the public;
 - d. If the publication's imprint is missing (Section 16).
2. Not even a publication that is not subject to licensing, or a document that is not considered a publication, may be produced or communicated to the public if a license for it would have to be denied pursuant to Section 14, Paragraph 1.

Chapter IV. Sundry and Final Provisions

Responsible Persons

Section 18

1. Responsibility for compliance with the stipulated conditions of the license to produce a publication and communicate it to the public, or--in the case of publications not subject to licensing--with the provisions of the present law, rests with the duplicator, the publisher, and the communicator to the public or the director of the communication organization, and also with the editor within the scope of his duties.
2. Responsibility for fulfilling the duty of the press:
 - a. At a periodical, rests with the chief of the periodical's editorial office;
 - b. At other news media, rests with the medium's director, respectively the managers whom he appoints to head the organization's individual subdivisions (department head, independent editor in chief, chief of the editorial office, etc.) share this responsibility.
3. The provisions of Sections 1 and 2 do not affect the responsibility of persons who provide information for the press, or of newsmen (Section 11) and other authors.

Section 19

1. Anyone who violates the provisions of this law, or of the decrees issued to implement it, will be liable, as specified in separate statutes, to prosecution for a crime, misdemeanor or petty offense, or to civil and disciplinary action, and shall be held financially responsible.

2. On the petition of the interested party, also the court may order fulfillment of the obligations specified in Section 4, Paragraph 1, Section 6, or Section 11, Paragraph 2. The provisions of Section 343, Paragraph 3, of Law No III of 1952 (hereinafter: the Code of Civil Procedure) apply to a news medium's legal capacity in lawsuits.
3. If a report published in the press violates someone's personal right or the requirement regarding the report's truthfulness, also a correction may be demanded pursuant to separate statute.
4. If a final court decision orders the HUNGARIAN TELEGRAPH AGENCY to issue a correction, the other news media that carried the report are likewise obliged to publish the correction.
5. The press is required to preserve its material on a report for 30 days from the report's communication to the public or--if a correction has been requested--from the close of the proceedings.

Interpreting Provisions

Section 20

For the purpose of the present law:

- a. The press means periodicals, radio, television, the news agency, and the newsreel;
- b. Publications mean the individual issues of periodicals, radio and television programs, books, pamphlets and other published texts (except bank notes and securities), published works containing scores, illustrations, drawings or photographs, reels of film intended for public viewing, recorded videocassettes, videodisks, audiotapes and records, or any other technical medium that carries information or a program intended for communication to the public.
- c. Press-related activity is activity in conjunction with the production and publishing of a publication, and its communication to the public.
- d. Communication to the public means the sale of a publication, its mailing, delivery, commercial renting, free distribution, public showing, broadcasting or wired transmission.
- e. Dissemination of information means communication to the public, through a publication, of facts, events, official announcements, speeches, comments on them, and of their analyses and assessments.
- f. A periodical is a daily newspaper, magazine or other journal, and their supplement that is published at least once every calendar year, under the same title and with the same coverage of topics; it has a volume number, issue number and date; and it contains either original or translated writings that fall in the category of journalistic, literary or scientific works (news items, dispatches, reports, essays, poems, short stories, etc.), and photographs, illustrations, cartoons or crossword puzzles.

Effective Date

Section 21

1. The present law will take effect 1 September 1986. Its provisions shall apply also to cases in process.
2. The present law will not affect the validity of licenses issued prior to 1 September 1986.
3. The Council of Ministers shall implement the present law, except as specified under Items a-c. Authorization is hereby granted:

- a. The minister of justice, to issue detailed regulations on the dissemination of information about court cases and--in agreement with the interior minister and the supreme state prosecutor--about the investigation stage of criminal proceedings; these regulations may depart from the provisions of Section 4, Paragraph 1, Section 5, and Section 6, Paragraph 1, of the present law;
- b. The minister of culture and education, to issue the following detailed regulations: on the licensing of publications, except the licensing of periodicals and local studios; in agreement with the chairman of the Council of Ministers' Information Office, on showing the imprint; and--in agreement with the industry minister, the chairman of the Council of Ministers' Information Office, and the supreme state prosecutor--on submitting the copyright copies and complimentary copies;
- c. The chairman of the Council of Ministers' Information Office, to regulate in detail the conditions of employment for the chiefs of the editorial offices of periodicals, the persons responsible for the operation and programming of local studios, and newsmen; and also the licensing of periodicals and local studios.

Section 22

1. When the present law becomes effective, the following regulations shall simultaneously be rescinded: Government Decree No 26/1949 (1 May) on Certain Questions Concerning the Press; Decree of the Council of Ministers No 34/1975 (10 Dec) on the Licensing and Circulation of Periodicals; and Resolution of the Council of Ministers No 1014/1963 (30 Jun) on Answering Published Proposals and Criticisms.
2. Wherever criminal law or the laws on petty offenses mention dissemination, it shall henceforth read as communication to the public; and wherever the laws on petty offenses mention the publication's responsible editor, it shall henceforth read as chief of the editorial office.
3. The Budapest Court shall have competence and exclusive jurisdiction to hear the following: appeals from administrative decisions denying or revoking a license to produce a publication and communicate it to the public; the lawsuits specified under Section 19, Paragraph 2; and the petitions to ban communication to the public.

Section 23

1. The following provision hereby replaces Section 342, Paragraph 1, of the Code of Civil Procedure:
 1. A correction may be requested from the press, in writing, within 30 days from the publication or broadcasting of the communication.
2. The following provision hereby replaces Section 343, Paragraph 1, of the Code of Civil Procedure:
 1. If the press does not fulfill within the specified time limit its obligation to issue a correction, the person requesting the correction may bring a suit against the periodical's editorial office, Hungarian Radio, Hungarian Television, their regional studio in case of a regional program, the local independent studio that produces radio or television programs (hereinafter: local studio), the HUNGARIAN TELEGRAPH AGENCY or the Newsreel Editorial Office.

4. The following provision hereby replaces Section 344, Paragraph 1, of the Code of Civil Procedure:
 1. The Budapest Court has jurisdiction in lawsuits against periodicals whose editorial offices are in Budapest, or against Hungarian Radio, Hungarian Television, a local studio operating in Budapest, the HUNGARIAN TELEGRAPH AGENCY or the Newsreel Editorial Office; otherwise the megye court has jurisdiction in whose district the editorial office of the periodical, respectively the regional radio (television) studio or local studio, is located.
4. The following provision replaces Section 344, Paragraph 3, of the Code of Civil Procedure:
 3. In the lawsuit, failure to appear may not be excused, a counterclaim may not be filed, and a motion for a stay of the proceedings may not be granted.

Pal Losonczi, President

Imre Katona, Secretary

Presidential Council of the Hungarian People's Republic

Preamble to Press Bill

Budapest MAGYAR KOZLONY in Hungarian No 16, 22 Apr 86 pp 433-438

[Text] 1. General Preamble

The Hungarian People's Republic maintains stable constitution law and order, in which socialist legality prevails. The socialist state's laws regulate every essential element of society's life, and the citizens' rights and obligations.

The press is an indispensable instrument for the realization of our social objectives and the development of socialist democracy. However, we lack a statute that regulates comprehensively the tasks of the press, its relations with the organizations of our state, economic and social life and with citizens, and journalism. Therefore it is warranted that a law establish the most important regulations concerning the press.

The principles of the press policy that we have been pursuing to date are sound and proven in practice. However, the requirements set for the press have increased. Parallel with the democratization of our public life, the importance of political public opinion has increased in our society. It is in our fundamental political interest that the public be informed promptly and accurately of every important event, and this is the purpose that the press must serve.

There is freedom of the press in our country, and everyone may freely express his opinion through the press. However, this right does not mean that anyone may abuse it to undermine our constitutional law and order, to disrupt our society's peaceful work of building socialism.

Enactment of this law will permit unification, clarification and streamlining of the statutory regulations regarding administrative supervision of the press. The Council of Ministers will implement the law, and the minister (or central-agency head) concerned will implement some of its aspects.

II. Detailed Preamble

To Sections 1-6 of Bill

1. The introductory part of the bill cites everyone's right to communicate his views and works through the press, provided they do not violate the constitutional law and order of the Hungarian People's Republic. The bill's provisions regarding administrative supervision of the press draw the legal framework within which this right may be exercised. Namely, if the content of a publication violates our constitutional law and order, then a license for the publication's production and communication to the public may not be issued (Section 14), and the already issued license must be revoked (Section 15, Paragraph 1). On the prosecutor's motion, the court may ban the communication to the public of such a publication, or of such a document not regarded as a publication (Section 15, Paragraph 3). Communication to the public is prohibited even of a publication not subject to licensing, if its content violates the limits this law sets for freedom of the press (Section 17, Paragraph 2).

From freedom of the press it does not follow that the press is obliged to communicate every opinion that otherwise does not violate the provisions of this law. Namely, the publication's specialization, editorial concept and size limit what the publication is able to communicate. In the final outcome, therefore, the chief of the editorial office--who is responsible for fulfillment of the duty of the press (Section 18, Paragraph 2)--selects the material for communication to the public. An editorial board may assist the chief of the editorial office in his work.

2. Defining the territory and subjects within the law's scope, the bill states that the law applies--with some exceptions based on international law--to the press-related activity of Hungarian or foreign nationals and organizations on the territory of the Hungarian People's Republic, and to the press-related activity abroad of Hungarian nationals or organizations (Section 1, Paragraphs 1 and 2).

3. In the Hungarian People's Republic, everyone has a right to information. In the interest of asserting this right, it is the duty of the press to provide--in harmony with the other means of communication, agitation and propaganda--truthful, accurate and prompt dissemination of information (Section 2, Paragraph 1). The press can best perform this task by presenting a true and accurate picture of life in our country, and extensive coverage of international events (Section 2, Paragraph 2). It is at least of equal importance that the press help the citizens recognize and understand the interrelations between social phenomena, and that it mobilize the citizens for social action (Section 2, Paragraph 3). Thereby the press can suitably serve the development of the social and historical self-knowledge of our people, our achievements, the fostering and enhancement of our intellectual and moral values, and the consolidation of peace.

4. The bill defines the legal limits of freedom of the press in agreement with the International [Helsinki] Accord on Civil and Political Rights, which has been ratified by Law Decree No 8 of 1976.

Accordingly, the dissemination of information in the press must not violate the constitutional law and order of the Hungarian People's Republic, its international interests, the rights and lawful interests of Hungarian citizens and legal entities, or offend public morals (Section 3, Paragraph 1).

By the constitutional law and order of the Hungarian People's Republic we mean those essential elements of our state, social and economic system which are established by the Constitution or derived from its provisions. Our country's international interests can likewise be determined from the provisions of our fundamental law.

Not even an exemplifying listing of the rights and lawful interests of persons is possible, because every interest protected by statute belongs here. The protection of personal rights extends also to legal entities, in addition to individuals.

Public morals are a general morality that is based on the socialist, humane set of values and has relatively independent, particular standards for various areas of society's life (for example, the moral standards of the attitude to work, of family life, or of interpersonal relations). Offensive to public morals is especially the communication of a publication that is shocking, brutal, obscene, of a pornographic nature, and advocates a way of life that endangers social and personal ties.

In agreement with our international commitments, the bill also prohibits the abuse of the press by anyone as a forum for [justifying] crimes against mankind, for warmongering, for manifestations that might incite hatred of other peoples, for the expression of chauvinism or nationalism, or for discrimination based on nationality, race, creed or sex (Section 3, Paragraph 2).

4. The bill prescribes that advertisements be published separately from the dissemination of information and be clearly identified as such, and it prohibits disguised advertising (Section 3, Paragraph 3). Advertising (the advertisement) is based on a civil-law contract. The sponsor who orders the advertisement pays to have his product, service, performance, work, etc. called to the attention of the public; and the person who communicates the advertisement does so basically for a consideration, and not because he agrees with the advertisement's content. The dissemination of information, on the other hand, conveys some fact, reports some event, or expresses an opinion or value judgment. In itself the fact that the opinion or value judgment is favorable is not advertising.

Advertising may be regarded as concealed when it appears in the guise of the dissemination of information. Keeping the public accurately informed demands that readers, viewers and listeners be able to clearly distinguish the two types of communication differing in their purpose. Incidentally, advertising and advertisement are defined in Decree of the Minister of Domestic Trade No. 12/1972 (5 Jun).

5. Pursuant to Section 2, Paragraph 1, it is the duty of the press to see to it that the right to information can be exercised. To ensure the news media access to the information they need for the performance of their task, the

bill orders state agencies, business organizations, voluntary public organizations, and societies to aid truthful, accurate and prompt dissemination of information through their own initiatives, and also by making the necessary information and data available to the press, upon its request (Section 4, Paragraph 1).

The bill obligates only the listed organizations to provide information; it does not impose such an obligation on other organizations or private individuals. In contrast with the newsman's right to request information (Section 11, Paragraph 1, Item a), then, only the organizations listed under Section 4, Paragraph 1, are under an obligation to provide information.

The bill, and the implementing decree of the Council of Ministers do not define state agency, voluntary public organization, and society; there is merely a reference to Section 685, Item c, of the Civil Code, to indicate that a business organization is any organization listed therein. It is not necessary to define these concepts, because they agree with the concepts used in the Constitution and other important statutes, such as the Civil Code and the Criminal Code. Thus by state agency we mean the people's representative bodies, the public administration agencies, the courts, the offices of the prosecutors, and also the state's business organizations, institutions, and other budgetary agencies. Voluntary public organizations are the citizens' political organizations, trade unions, and youth organizations that are recognized by the Constitution; also the citizens' other voluntary public organizations such as, for example, the federations representing the interests of artisans or cooperatives. Societies are organizations that citizens and--if the by-laws allow corporate members--legal entities form as societies, in accordance with the pertinent regulations, to promote social, cultural and other activities.

The internal rules of the listed organizations may specify who within them has the task of providing information. However, the person who provides information is obliged to provide true information, even if he was not authorized to provide information (Section 4, Paragraph 2). This provision is the basis of accountability for providing intentionally misleading information, or for providing information without due care. The bill determines also the cases in which the request for information must be refused, in the public interest or for a valid private interest. The state, official, industrial and personal secrets that the bill mentions are defined in separate statutes that regulate also the consequences of disclosing such secrets (Sections 177 and 224 of the Criminal Code; Section 81 of the Civil Code; Section 34, Paragraph 2, of the Labor Code; Section 35 of Decree of the Council of Ministers No 45/1979 (1 Dec); and Government Decree No 14/1971 (15 Apr). The consequences of invoking secrecy without foundation, or of refusing without a valid reason to provide information, are specified in Section 19, Paragraph 1.

7. It may happen that the person providing information has called attention to some activity or negligence which violates public interest, and because of this he encounters discrimination at work or in other ways within society's life. Therefore the bill extends also to the person providing information the protection specified in statutory regulations protecting persons who make statements or proposals of public interest (Section 4, Paragraph 3). Such

statutory provisions are Section 14 of Law No I of 1977 on Statements, Proposals and Complaints of Public Interest, and Section 257 of the Criminal Code. Naturally, this protection does not apply to the person who makes an obviously malicious and unfounded statement.

8. Section 5 of the bill serves to broaden the sources of information available to the press. It specifies that the press may disseminate, even without the consent of the interested parties, information about the public sessions of state agencies, cooperative organizations, voluntary public organizations, societies, their respective committees, and about the proceedings in open court.

This right of the press to disseminate information includes also the right to attend public sessions and court proceedings. Separate statutes or internal rules determine whether a session is public or closed.

Ministerial decree will provide detailed regulations on the dissemination of information about court cases and the investigation stage of criminal proceedings. To ensure influence-free and impartial administration of justice and to safeguard the personal rights of the parties, it is warranted to allow possible departures in these regulations from the law's provisions regarding the obligation to provide information, the reporting of court proceedings, and the obligation to answer (Section 21, Paragraph 3, Item a).

9. An important task of the press is to report the experiences and best methods of building socialism, and the new solutions that effectively contribute to our social and economic development. At the same time, it is likewise the task of the press to uncover, subject to substantiated criticism, and oppose the phenomena and views that are hampering socialist society's development, disturbing its peace and offending its morality. The press fulfills this task by, among other things, publishing the citizens' initiatives, proposals and statements that are of public interest.

Currently, Government Resolution No 1014/1963 (30 Jun) regulates the answering of proposals and criticisms published in the press. In agreement with this resolution, the bill establishes the obligation to investigate and answer the statements and proposals (Section 6, Paragraph 1).

Perfecting the current regulation, the bill makes it mandatory for the press to publish the answer, at the request of the organization concerned. If possible, the answer should be published in full. But if this is not feasible because of space limitations or for other reasons, the gist of the answer must be published, without distorting its content (Section 6, Paragraph 2).

Detailed regulations on the obligation to answer are contained in the implementing decree of the Council of Ministers.

To Sections 7-11 of Bill

10. The increasing requirements set for the press place greater responsibility on its organizations. Therefore, according to the bill, only a state agency, business organization, voluntary public organization, or a society may found a

periodical. A private individual may not obtain a license to found a periodical (Section 7, Paragraph 1).

The founder is the periodical's "boss." He enjoys the general rights which ensure him control of the periodical. Thus he may specify the periodical's goal and character, and may set and control its policy. And he decides who will be chief of the periodical's editorial office. At the same time, he has also obligations toward the periodical: he must provide the conditions for the periodical's operation and is financially responsible for it (Section 7, Paragraph 2).

11. There are two ways the periodical's founder can provide the conditions for the periodical's operation: he either publishes the periodical himself or concludes an agreement with an organization authorized to engage in publishing. In the latter case, the agreement between the two organizations determines the rights and obligations of, respectively, the founder and the publisher in conjunction with providing the personnel and material conditions for the periodical's operation and its publishing (Section 8). Separate statute determines which organizations are authorized to publish a periodical or other publication.

12. The advances in radio and television technology, and the enormous growth of these media have accelerated the transmission of information. This sets new requirements in the dissemination of information, for the division of labor between the national and local communications facilities and for their development. The bill states, as the general rule, that Hungarian Radio, respectively Hungarian Television, may produce and publicly broadcast radio and television programs; and that they do not require separate licenses for their national and regional programs. Simultaneously, the bill allows an exception for independent programs of a local nature (university radio or cable TV, for example): also a state agency, business organization, voluntary public organization or society may establish a studio to produce and publicly broadcast such programs (Section 9). According to the implementing decree of the Council of Ministers, the latter's Information Office is authorized to grant a license for the establishment of a studio.

The right of Hungarian Radio, Hungarian Television and the local studio to broadcast their programs publicly does not affect the Hungarian Post Office's program-transmitting task that is based on separate statutes.

13. The newsman may exercise his profession as his main or second job, or on the basis of a permanent commission. In the course of practicing his profession, the newsman has special rights and obligations. These pertain in part to the obtaining and use of information (Section 11, Paragraph 1, Items a and c), in part to the relationship between the newsman and the persons who gives him information or a statement (Section 11, Paragraph 1, Items a, b and d, and Paragraph 2), and finally to the independence of the newsman's activity (Section 11, Paragraph 1, Item e, and Paragraph 3). Of course, even if someone works as a newsman only occasionally, he is still bound by these regulations.

The person making a statement of public interest is entitled to have his identity kept confidential. Therefore it is warranted that the person who provides

information enjoy the same right. This is ensured under Section 11, Paragraph 1, Item b, by the provision that the newsman may keep confidential the name of the person who gives him information, if this is important for the newsman to safeguard his source of information, for example; and if the person who provides information so requests, the newsman must keep this person's name confidential. This confidentiality means more than just the prohibition of reporting in the press: except in the case of information about a crime, the newsman may not reveal to anyone the name of the person who gives him information.

The press publishes not only information, but statements as well. Of importance to both the person making a statement and the newsman, therefore, is the provision that the newsman must submit for approval, if requested to do so, any statement he is preparing for communication to the public. Namely, the statement contains the person's chain of thoughts of some length on a given subject, or the ideas he has expressed in an interview or roundtable, and is closely associated with the person in question. Therefore it is warranted that the person making a statement be able to check whether what he said has been recorded accurately. When the material is presented to the person making a statement, he may convey also other observations to the newsman. However, the person in question may prohibit publication of the statement only if the newsman wants to publish it inaccurately (Section 11, Paragraph 1, Item d).

The newsman's conduct must conform not only to what the law prescribes, but to the ethics of his profession as well. For example, an important rule of professional conduct is that the newsman may not exercise the privileges of his profession on his own behalf. The National Federation of Hungarian Journalists oversees the professional conduct of newsmen, and disciplines the ones guilty of misconduct.

The newsman's work is in the public interest, and it is warranted that he be given increased protection. Therefore the bill (Section 11, Paragraph 4) extends to him, in the same way as to the person providing information for the press, the protection specified in the statutory regulations protecting the person who makes a statement or proposal of public interest. Furthermore, the implementing decree of the Council of Ministers amends Government Decree No 17/1968 (14 Apr) on Certain Petty Offenses and makes obstructing a newsman in his work a petty offense.

To Sections 12-17 of Bill

14. A basic principle of the regulations on the administrative supervision of the press is that a license is required to produce a publication and communicate it to the public, and to found a periodical or to establish a local studio (Section 12).

The implementing decree of the Council of Ministers designates the licensing authorities essentially in agreement with the regulations now in force. The licensing authorities are the individual ministries and other central agencies, depending on the nature of the publication (for example, the Council of Ministers' Information Office licenses the founding of periodicals; the Ministry of Culture and Education is the licensing authority for books, illustrations,

audiotape recordings and records; the Hungarian Post Office, in the case of stamp catalogs, etc.), respectively the megye council's special administrative agency for culture and education affairs. The latter licenses, for example, exhibition catalogs smaller in volume than a book, publications dealing with local history, etc.

15. In part the bill, and in part the implementing decree of the Council of Ministers--on the basis of authorization granted in the law--specify the publications that do not require licenses.

No license is required even now to produce and communicate to the public the programs, the audio- and videorecordings and films of Hungarian Radio and Hungarian Television, publications of the HUNGARIAN TELEGRAPH AGENCY, or the individual issues of a periodical. As Hungarian Radio, Hungarian Television, and the HUNGARIAN TELEGRAPH AGENCY are central state agencies, the administrative and publishing responsibility of their chiefs makes it unnecessary to require licensing for their individual publications. And in the case of a periodical, the license to found it includes also the right to publish its individual issues. It is warranted to extend to the local studio the regulations applicable to the periodical (Section 13, Paragraph 1, Item a).

The bill contains a new provision for organizations authorized to publish other publications (book publishers, enterprises that produce recordings and films, etc.). The bill grants the Council of Ministers authority to designate the publishers who may publish their publications without a license. In such cases there is increasing emphasis on the publisher's responsibility (Section 13, Item b).

An important provision in the implementing decree of the Council of Ministers is that a license to produce and communicate to the public is not required for a publication that serves the operation or activity of a state agency, business organization, voluntary public organization or society, and is ordered or produced by the organization concerned. Likewise exempt from licensing are, among other things, the publications of minor importance that reach a limited circle of users or addressees who can be identified in each specific case (for example, invitations, admission tickets, calling cards, etc.).

16. The bill specifies when a license must be denied, and when it may be denied (Section 14).

Thus a license must be denied if the content of the publication violates the prohibitions under Section 3, Paragraphs 1 and 2; furthermore, if a crime or petty offense is committed by means of the publication.

Protection of our constitutional law and order, and the inviolability of the rights and lawful interests of citizens and legal entities, respectively of public morals, are requirements of such importance that the bill lists them also among the most important tasks of the press (Section 3, Paragraph 1). These requirements must be enforced also in the licensing of periodicals.

A license may not be granted, for example, also when the publication contains a state secret, because a crime is committed by means of the publication.

A license to produce a publication and communicate it to the public may be denied if the personnel and material conditions specified by statute as necessary for the production of a publication and its communication to the public are lacking. The implementing decree of the Council of Ministers spells out the necessary personnel and material conditions. For example, that the publication must have a publisher and reproducer; that the competent agency, in its expert opinion specified by separate statute, recommend licensing the establishment of a local, independent studio for the production of radio and television programs; and that the technical medium (paper, film, audiotape, etc.) necessary for reproduction be available.

17. Perfecting the regulations now in force, the bill permits an appeal to the court from the administrative decision concerning the production of a publication and its communication to the public (Section 15, Paragraph 2).

18. The bill authorizes the prosecutor to present to the court a motion to ban the communication to the public of a publication, or of a document not regarded as a publication. The purpose of this provision is to make lawful state intervention possible in cases when the communication to the public of an already licensed publication, of a publication not subject to licensing, or of a document not regarded as a publication, would violate an interest that the law protects. The prosecutor may immediately suspend communication to the public. His suspension order expires when the court's decision on the merits of the case becomes final (Section 15, Paragraph 3).

The court considers the prosecutor's motion immediately, in extrajudicial civil proceedings. The special rules of procedure are contained in the implementing decree of the Council of Ministers.

19. The obligation to show the most important data on publishing and editing (the imprint) serves to facilitate control and to identify the responsible person (Section 16).

20. Regardless of whether the publication is subject to licensing or has in fact been licensed, the bill prohibits communication to the public if the competent authority has ordered the publication confiscated or seized, if the prosecutor has suspended the publication's communication to the public, or if the publication's imprint is missing (Section 17, Paragraph 1). Namely, such publications fail to meet the law's requirements as to content or form.

To Sections 18-23 of Bill

21. Section 18 of the bill designates the persons responsible for press-related activity. At Hungarian Radio, Hungarian Television, and the HUNGARIAN TELEGRAPH AGENCY, the director of the news medium is responsible--according to the regulations now in force--for compliance with press policy and fulfillment of the task of the press. The provision under Section 18, Paragraph 2, Item b, of the bill establishes the personal responsibility of the chiefs of the editorial office and program editors at these media, for the programs they produce.

Provisions regarding the protection of personal rights, including requests for correction in the press, are contained in civil-law statutes; provision regarding press-related liability to prosecution for a crime, misdemeanor or petty offense, liability to civil and disciplinary action, and financial liability, are contained, respectively, in criminal law, the law on petty offenses, labor law, cooperative law, and in the statutory regulations governing voluntary public organizations and societies. Incorporation of these provisions in the bill would have unwarrantedly split the unity of the aforementioned branches of law. Therefore the bill merely refers to the fact that anyone who violates the provisions of this law, or of the decrees implementing it, will be liable, as specified in separate statutes, to prosecution for a crime, misdemeanor or petty offense, or to civil and disciplinary action, and shall be held financially liable; and that if a report published in the press violates someone's personal rights or the requirements regarding a report's truthfulness, a correction in the press may be requested pursuant to separate statutes, namely Section 79 of the Civil Code, and Sections 342-346 of the Code of Civil Procedure. To round out the system of sanctions attached to the provisions of the law, the bill also permits petitioning the court to order fulfillment of certain obligations defined in the law--of the obligation to provide information, the obligation to answer, and the obligation to publish remarks to the comments--(Section 19, Paragraphs 1-3).

22. The other news media regularly use and publish the news items, reports and photographs of the HUNGARIAN TELEGRAPH AGENCY as the central news service. It sometimes happens that the person whose rights have been violated requests a correction not from the news medium that carried the report, but directly from the HUNGARIAN TELEGRAPH AGENCY. In this case a court order normally would not compel the news medium to publish a correction, but the protection of personal rights demands that a correction be published in such instances as well. Therefore the bill provides that if a final court decision orders the HUNGARIAN TELEGRAPH AGENCY to issue a correction, then the other news media that carried the report are likewise obliged to publish the correction (Section 19, Paragraph 4).

23. The provision that the press is required to preserve its material on a report for 30 days from the report's communication to the public or--if a correction has been requested--from the close of the proceedings (Section 19, Paragraph 5) serves to facilitate requests for correction. Namely, pursuant to Section 342, Paragraph 1, of the Code of Civil Procedure, the plaintiff may request a correction within 30 days from the report's publication or broadcast. Within this time limit, the interested parties are able to ascertain the exact content of the contested material and can settle the controversial questions between themselves. If a lawsuit is instituted, the material pertaining to the report must be preserved even beyond the 30 days, for possible use as evidence in the case.

24. To provide guaranties for the freedom of the press, the law itself (Section 20) gives the definitions of the most important concepts occurring in the bill--the press, publications, press-related activity, communication to the public, dissemination of information, and periodical--while the implementing decree of the Council of Ministers contains the definitions of the concepts

--book, duplicating machine, duplication, and duplicating organization--that are important mainly from the viewpoint of administrative supervision of the press.

However, the regulations cannot define every concept used in the bill. For example, it can be established not from the interpreting provisions, but from a comparison of the law's other provisions, that by production we mean the process of a publication's editing and reproduction, in the course of which the document on which the publication is based becomes suitable for communication to the public; and that publishing means the organization of a publication's creation and production, in the interest of communication to the public.

29. Instead of the concept of dissemination that occurs in the regulations now in force, the proposal uses the concept of communication to the public; and instead of editor in chief, it uses chief of the editorial office (Section 22, Paragraph 2).

30. The provisions of Section 23, Paragraphs 1-3, are intended to harmonize, with the bill's own definitions and system of institutions, the provisions in the Code of Civil Procedure regarding requests for correction in the press. Section 244, Paragraph 3, of the Code of Civil Procedure is amended to permit settlements in lawsuits for correction in the press (Section 23, Paragraph 4).

Text of Implementing Decree

Budapest, HUNGARIAN PEOPLE'S REPUBLIC in Hungarian No 16, 22 Apr 86 pp 439-443

[Decree of the Council of Ministers No 12/1986 (22 Apr) Implementing Law No 11 of 1986 on the Press]

[Text] Pursuant to the authorization granted under Section 21, Paragraph 4, of Law No 11 of 1986 on the Press (hereinafter: the Press Law), the Council of Ministers hereby decrees the following:

(To Press Law's Section 1)
Section 1

For the purpose of the Press Law and the present decree:

- a. A book is a document other than a periodical, numbering at least three author's sheets;
- b. A duplicating machine is any technical device (machine or equipment) suitable for reproducing publications, not including the typically single-copy devices (tape recorder, typewriter, etc.);
- c. Duplication is the reproduction of a publication on a duplicating machine;
- d. Duplicating organization is the organization that operates a duplicating machine.

(To Press Law's Section 4)
Section 4

The information or data concern also the activity of another organization, the organization providing the information does so after checking with this other organization.

(To Press Law's Section 6)

Section 3

1. The organization concerned has an obligation to answer if the press, within five days from the communication to the public, requests an answer and accompanies its request with the text of the published report or--in the case of a radio or television program or newsreel--with arrangements for the screening (or playback) of the recording.
2. The organization concerned is obliged to answer the press within 30 days from the receipt of the report's text, respectively from the day of screening or playback. The answer must contain the findings of the investigation and, if necessary, the adopted measures.
3. If the investigation will foreseeably take long, the press must be advised of this within the 30 days, and also of the date by when action can be expected.
4. If the requested organization is not the one obliged to answer, the press must be informed of this fact without delay.

(To Press Law's Section 12)

Section 4

Licenses to produce a publication and communicate it to the public may be issued by:

- a. The Council of Ministers' Information Office: for founding a domestic periodical, for the communication of foreign periodicals to the domestic public, for the establishment of a local studio, and also for other information-containing technical devices;
- b. The Ministry of Culture and Education: for books, lecture notes, publications containing scores, illustrations, drawings or photographs, political posters and pamphlets, motion pictures, recorded videomaterials, videodisks and audiotapes, records, or any other technical device containing a program;
- c. The Hungarian Post Office: for stamp catalogs (stamp price lists), and stamp prospectuses;
- d. The ministry (central agency) in charge of the armed forces, armed corps and law-enforcement agencies: for the educational and training publications that the listed organizations publish for their internal use;
- e. The State Office of Church Affairs: for catechisms, prayer books, bibles, and also other religious publications published by the churches and denominations;
- f. The administrative agency for culture and education under the executive committee of the megye council (Budapest Municipal Council), or of the municipal council of a city with megye status: for all other publications that are subject to licensing.

Section 5

Separate statutes apply to the production of stamps, standards and coins, and to their communication to the public.

Section 6

1. The application for a license must be submitted to the agency that has competence pursuant to Section 4, by the founder or publisher in the case of a periodical, and by the publisher in the case of other publications.

2. If there is doubt as to whether a publication is subject to licensing, or as to which Agency has competence, the standpoint of the Council of Ministers' Information Office will decide in the case of a periodical or local studio, otherwise the standpoint of the Ministry of Culture and Education.

Section 7

The application for a license to found a periodical must contain:

- a. The periodical's title, goal, and field of interest;
- b. The name and address of the periodical's founder;
- c. The name and address of the chief of the periodical's editorial office;
- d. The address of the editorial office;
- e. The publisher's name and address;
- f. The paper quality and the printing technology to be employed;
- g. The periodical's appearance (format and dimensions), pages, and planned run;
- h. The duplicating organization's name and address, and the name of the person responsible for reproduction;
- i. The periodicity;
- j. The proposed price and subscription fee;
- k. Data regarding the range and mode of communication to the public.

Section 8

The application for a license to establish a local studio must contain:

- a. The name and address of the organization establishing the studio;
- b. The studio's name and address;
- c. The name and address of the person responsible for the studio's operation;
- d. The name of the person responsible for the presented program;
- e. The planned frequency, schedule and duration of presentation;
- f. Data regarding the range and mode of communication to the public.

Section 9

1. The application for a license for a publication that does not fall under Sections 7 and 8 must contain:

- a. The publisher's name and address;
- b. The publication's title and subject;
- c. The name and address of the author (or editor);
- d. The publication's dimensions and planned run;
- e. The proposed duplication process and medium;
- f. The name and address of the duplicating organization, and the name of the person responsible for reproduction;
- g. The proposed price;
- h. Data regarding the range and mode of communication to the public. The manuscript (or master) must be attached to the application.

2. For certain publications, the minister of culture and education may prescribe that the opinion of a literary adviser (publisher's reader) be attached to the application for a license. In such case the application must give also the name and address of the literary adviser (publisher's reader).
3. The opinion of the literary adviser is not binding for the licensing authority.

Section 10

The licensing authority may specify a mode of production different from the one proposed in the application.

Section 11

1. Unless statute provides otherwise, a license to produce a publication and to communicate it to the public applies to one edition, with a specified run and specified number of pages. A new license is required if the size of the run or the number of pages is to be increased.
2. The license for a periodical or local studio is valid until it expires or is revoked.

Section 12

A license issued under the Press Law does not exempt from the obligation to obtain the licenses required by other statutory regulations.

Section 13

1. Before the commencement of a publication's reproduction, the director of the duplicating organization must ascertain that the customer has obtained a license.
2. The publication's reproduction may begin when the chief of the periodical's editorial office or his deputy, or--in the case of other publications--the responsible manager of the customer organization or his deputy--has approved reproduction by affixing his signature (imprimatur).
3. The publication may be reproduced only in accordance with the conditions specified in the license.

Section 14

1. The director of the duplicating organization is required to keep a record of the reproduced publications. The record must show, in chronological order, the name of the customer who ordered the publication, the name of the licensing authority, the number of the license (in the case of publications not subject to licensing, a reference to the statutory regulation on which the exemption is based), also the publication's title, appearance (format, dimensions), the number of pages and the size of the run.
2. In the case of publications not subject to licensing, the customer is obliged to cite the statutory regulation on which the exemption is based.
3. The director of the duplicating organization checks whether an exemption does exist. If necessary, he may request an opinion on this question from the Council of Ministers' Information Office, respectively from the Ministry of Culture and Education, pursuant to Section 6, Paragraph 2.

Section 15

The duplicating organization preserves the imprimatur (Section 13, Paragraph 2) and the manuscript, for six months from the completion of reproduction. After the first three months, however, the duplicating organization may agree with the publisher to transfer the imprimatur (and manuscript) to the latter, for further safekeeping.

Section 16

The agency for the administration of affairs under the executive committee of the municipal council on whose territory (including villagen) the duplicating

organization is located, respectively of the Budapest district council, will oversee the implementation of the provisions in the Press Law and this decree regarding duplicating organizations.

(To Press Law's Section 13)

Section 17

A license to produce and communicate to the public is not required for the following:

- a. Publications that serve the operations of state agencies or the economic activity of business organizations, or are related to the functioning of voluntary public organizations and societies in accordance with their by-laws, and are ordered or produced by such organizations;
- b. Publications that have been compiled by a state agency, business organization, voluntary public organization or society and contain the titles and translated summaries of professional articles that appeared in domestic or foreign journals;
- c. A document or publication that reaches a limited circle of users or addressees who can be identified in each case (for example, invitations, admission tickets, family announcements, calling cards, etc.);
- d. A handbill, placard (poster) or brochure announcing a product, service or performance;
- e. Advertising stickers, seals, decals, and hand-lettered diplomas.

(To Press Law's Section 14)

Section 18

The personnel and material conditions necessary to produce a publication and communicate it to the public are not ensured:

- a. If the publication does not have a publisher or duplicator;
- b. If in its professional opinion, required by separate statute, the competent organization has not recommended the local studio's establishment;
- c. If the necessary medium is not available;
- d. In the case of a periodical or local studio, if the chief of the periodical's editorial office, respectively the person responsible for the studio's operation or its presented program, fails to meet the qualifications for employment prescribed by separate statute.

(To Press Law's Section 15)

Section 19

1. The court considers immediately a motion to ban communication to the public, in extrajudicial civil proceedings free of court costs.
2. The prosecutor's order suspending communication to the public of a publication, or of a document not regarded as a publication, and the court's decisions in the proceedings must be served on the publisher, the duplicating organization, the organization communicating to the public; in the case of a periodical, on the periodical's founder and the chief of its editorial office; in the case of a local studio, on the studio's founder and its manager; in the case of other publications, on the author (or editor); furthermore, on the person whose right or lawful interest (Press Law's Section 3, Paragraph 1) the publication violates. The decisions of the court must be served on the prosecutor as well. The listed organizations and persons, and the prosecutor, participate as parties to the proceedings.

Section 20

1. The court rules in its order on the prosecutor's motion.
2. If the prosecutor withdraws his motion, the court suspends the proceedings.

(To Press Law's Section 16)

Section 21.

1. The imprint must show the following data:
 - a. The name of the publisher, and of the person responsible for publication;
 - b. The name of the duplicating organization, and of the person responsible for reproduction;
 - c. The place and time of reproduction, and the order number;
 - d. The name of the person responsible for editing.
2. Data which are not listed in Paragraph 1, but which the customer wants to include, may be shown only after the imprint, separately from it.
3. The International Standard Book Numbering (ISBN, respectively ISSN in the case of series) numbers, other international classifications, and the price of the publication must be determined and shown pursuant to separate statutory regulations.

Section 22

Statute may also prescribe an abbreviated imprint, or waive the imprint on certain publications.

Section 23

In radio and television programs, the name of the person responsible for their editing must be announced or displayed.

Section 24

Except in the case of a periodical, the author must sign the manuscript (or master) of the publication.

Section 25

For at least six months from the date of communication to the public, the chief of a periodical's editorial office, respectively the publisher (or customer) in the case of other publications, must ensure that the identity of the publication's author can be determined without the slightest doubt.

Section 26

1. For scientific and administrative purposes, a free mandatory copy of the publications specified by statute must be made available to the designated organizations. The mandatory copy becomes the property of the organization entitled to such a copy.
2. Unless statute provides otherwise, the duplicating organization supplies --at the publisher's (or customer's) expense--the mandatory copies for scientific purposes, and the publisher supplies the mandatory copies for administrative purposes.
3. Complimentary copies may be supplied to the publication's author, to the persons who collaborated on shaping the ideological content of the work, to the publisher's supervising agency, to those of the publisher's and supervising agency's staffs for whom complimentary copies are warranted because of their duties, and also to the press and for propaganda purposes. The publisher (customer) supplies the complimentary copies, which become the property of the organization (or person) entitled to them.

(To Press Law's Section 21)
Section 27

1. The present decree will take effect 1 September 1986. Simultaneously, Decree of the Minister of Education and Culture No 4/1959 (9 Jun) Implementing Government Decree No 26/1959 (1 May) on Certain Questions Concerning the Press, and Decree of the Minister of Public Education No 3/1978 (7 Jul) which modifies and amends the aforementioned ministerial decree, will be rescinded.
2. The following provision is inserted in place of Section 1, Paragraph 1, Item h, of Government Decree No 33/1959 (2 Apr) which implements Law Decree No 25/1959 Establishing the State Office of Church Affairs, and the designation of Item h is changed to Item i:
(The tasks of the State Office of Church Affairs established by Law Decree No 25/1959 of the Presidential Council of the Hungarian People's Republic, hereinafter the Office, include:)
h. Licensing the production and distribution to the public of church publications other than periodicals;
3. The following subheading and Section 160/B are hereby added to Government Decree No 17/1968 (14 Apr) on Certain Petty Offenses:
Obstructing a Newsman
Section 160/B
Whoever intentionally obstructs, by force or threat, a newsman in the lawful practice of his profession is liable to a fine of up to 3000 forints.
4. The following Item 25 is hereby added to Section 1, Paragraph 1, of Decree of the Council of Ministers No 63/1981 (5 Dec) on Administrative Decisions Subject to Judicial Review:
(The court may review:)
25. The decision denying or revoking a license to produce a publication and communicate it to the public.

Gyorgy Lazar, Chairman
of the Council of Ministers

1014
CSO: 2500/298

FEDERAL ASSEMBLY DELEGATE B. JOVANOVIC INTERVIEWED

Belgrade STUDENT in Serbo-Croatian 12 Mar 86 pp 6-7

[Interview with Batric Jovanovic, delegate in the Federal Chamber of the SFRY Assembly: "The LCY's Most Fatal Error"; interviewer, date, and place not given]

[Text] STUDENT: As a delegate in the Federal Chamber you have been putting the most frequent questions on inflation, social inequities, and the situation in Kosovo. Under the constitution the Federal Chamber sets forth the bases of Yugoslavia's domestic policy. Is it your impression that that is the case?

Jovanovic: That constitutional provision to the effect that the Federal Chamber sets forth the bases of domestic policy is implemented only in part. It has not been implemented at all since the constitution took effect, that is, since 1974, when it comes to setting forth the bases of economic policy, which is assuredly an essential component of domestic policy. Thus, the Federal Chamber actually sets forth the bases of domestic policy only in certain non-economic spheres, but it does not do so at all in the economic field.

STUDENT: What are the consequences?

Jovanovic: Everything related to the economy is done in the Chamber of Republics and Provinces, where the principle of unanimity prevails.

STUDENT: Consensus?

Jovanovic: Yes.

STUDENT: How was the 1977 foreign exchange law enacted?

Jovanovic: The 1977 foreign exchange law, together with the absence of a unified strategy for economic development, was the principal cause of our economic crisis, to which I would also add the policy of the weak dinar. That foreign exchange system was set up thanks to the influence of distinguished individuals from the two most highly developed republics.

STUDENT: Which individuals?

Jovanovic: That is well known--Kardelj and Bakaric!

STUDENT: What does it mean that de facto the Federal Chamber does not formulate domestic policy in the economic field?

Jovanovic: It means that an economic policy that would suit Yugoslavia as a whole is not formulated.

STUDENT: You believe that we should go back again to the system that we had up until 1974, i.e., that in addition to the Federal Chamber, we should introduce once again the chamber of associated labor, and that the Chamber of Republics and Provinces should sit only when necessary. Why?

Jovanovic: Economic issues are taken up exclusively at this point in the Chamber of Republics and Provinces. However, it is more than logical that this should be done by a chamber of associated labor, that is, by the unified working class of Yugoslavia. Another solution would be for the Federal Chamber, in which a majority is made up of delegates from associated labor, would set forth the bases of economic policy, which would be in line with the constitution. The Chamber of Republics and Provinces would have to honor the positions taken by the Federal Chamber.

Where Does Slovenia Get Its Money?

STUDENT: Disintegration of society is evident at all levels. To what extent has polycentric statist relations helped to bring that about?

Jovanovic: The following facts must be borne in mind: First, the immense differences between the most highly developed and least developed regions--which is 6:1. The per capita national product is sixfold greater in the most highly developed republic than it is in SAP Kosovo. Second, there is hardly any unemployment in Slovenia, and it is very low in Croatia. In the other parts of the country this is the most difficult and largest problem. And third, real personal incomes in Slovenia rose 10 percent last year, while in other parts of the country they rose barely 1 percent. But industrial output rose 1 percent in Slovenia, while productivity fell 1 percent!

STUDENT: Where, then, does Slovenia get that money?

Jovanovic: From the other republics. This is money transferred on the basis of exchange rates, interest, and on the basis of prices. For example, the prices of industrial products rose about 90 percent in Slovenia last year, while in Montenegro they rose about 50 percent. It is logical that there should have been an immense siphoning of income from Montenegro to Slovenia.

STUDENT: Imperialism within Yugoslavia?

Jovanovic: Absolutely pure exploitation. The more advanced have been exploiting the underdeveloped, and they have been doing so on the basis of essential elements, economic policy, that is, the exchange rate, interest, and rampant prices.

STUDENT: Where has the disintegration been most dangerous?

Jovanovic: The disintegration has been most dangerous in the economic sphere. This is where it has been carried to the end. Economic relations between the republics and provinces are today much looser and on a far smaller scale than economic relations within international economic groupings.

STUDENT: How did this economic disintegration come about?

Jovanovic: It first arose under the influence of political factors from the most highly developed republics, since this suited them best. The other parts of Yugoslavia were turned into a market for their advanced industry.

STUDENT: That is certainly an essential question of surplus capacity. You have the impression that the Federal Executive Council has been ambivalent, since it started on a stabilization program which envisaged the gradual closing down of plants whose capacity was not needed or whose construction was a mistake, while at the same time the practical policy it is conducting is not along that line?

Jovanovic: Even today there is a tendency toward autarky. The political system is set up in such a way that every opstina must have its own factories, since that is what its social standard of living and its employment depend on.... It was not the government that drew up that stabilization program, but rather it has torpedoed it. The federal government did so under the influence of special interests--regional, group-ownership, and indeed even personal interests.

Unemployment Is Unconstitutional

STUDENT: Can we have a sound economy if we do not close down plants which are not needed?

Jovanovic: The most important thing now is to bring down inflation by every possible means, including administrative means. That is number one. This means conducting a policy of a strong rather than a weak dinar. Encourage exports not by lowering the value of the dinar, but the other way around. What we are doing now is just like treating one organ at the price of ruining all the others the patient has. Moreover, interest rates at this level, the highest in history, are in the interest of net exporters, capital within the country, and private owners of a surplus of money. In 1984 the Montenegrin economy had an outflow of 32 percent on the basis of interest, while the Slovenian economy had a net inflow of 8 percent. Private owners of surplus money are rooting zealously for maintaining the highest possible interest rates. This means that interest rates are supposed to preserve every dinar of private wealth in a context of high inflation. That is, the rich must not lose anything, and the poorest--the workers and pensioners--have already lost almost 50 percent of their real earnings. Third, price policy. We have a law on the system of social price controls. It states that when there are large disturbances in price movements on the market, direct price control would be established so that prices could be rolled back to the previous level, maintained

at the present level, or price rises may be permitted by a certain percentage. But the Federal Executive Council is only the passive observer of that chaos. The radical lowering of inflation is the key of all keys, along with the fight to take away property acquired illegally with the greatest urgency, and then to achieve full employment at the earliest possible date. That date ought to be 1990!

STUDENT: That is impossible!

Jovanovic: That is possible!

STUDENT: How?

Jovanovic: It has to be done!

STUDENT: Administratively?

Jovanovic: There is no need to do it administratively! We are a socialist country in which unemployment must be proclaimed unconstitutional.

STUDENT: There is nothing to be proclaimed, it is unconstitutional.

Jovanovic: True, but the constitution must be honored. Even the people on the UN Economic Commission for Europe reproach us for being a socialist country with excessive unemployment which we should be ashamed of. We must and can achieve full employment no later than the year 1990.

Who Is This Phillips?

STUDENT: We are interested in knowing how.

Jovanovic: Full employment could even be achieved in the worst case by reducing the aggregate of all personal incomes of those employed at present by 12-13 percent overall and thereby providing money to employ the unemployed who represent about 12 percent of the available manpower.

STUDENT: That is absolutely unfeasible. Personal incomes are so slow as to violate the dignity of human labor.

Jovanovic: The means of production belong to all, not only those who are employed. Some people say that we have large "technological surpluses." That was also said in 1965 when the economic reform was drawn up, and then up to 1968 the number of persons employed dropped by about 300,000 in addition to those who came along during those 3 years, and we created the army of unemployed. This was the LCY's most fatal error.

STUDENT: By so doing we lowered inflation.

Jovanovic: That is not so. However, the question is why the category of unemployment was "legalized" at all. It must not exist, capitalist categories cannot apply here.

STUDENT: The American economist Phillips says that society cannot solve the problem of inflation and the problem of unemployment at the same time, but must decide which is the highest priority for society?

Jovanovic: Who is this Phillips?

STUDENT: He is a famous American economist.

Jovanovic: That is a bourgeois conception, the conception of a bourgeois economist.

STUDENT: Prof Branislav Soskic, member of the academy, also agrees with him!

Jovanovic: That view is altogether unacceptable for me, as is the view of all those who take the view that we can have an army of unemployed people.

STUDENT: You mean there is someone who takes that view?

Jovanovic: They are those who advocate assertions like those of that American. However, the director of "Simp" in Vranje, an exceptional business executive, said a few years ago when we had about 750,000 people unemployed: "All of these unemployed should be employed by telling all organizations of associated labor how many new workers they must hire. And a way of employing them productively will be found for everyone."

STUDENT: That is an idealistic examination of this problem, it would be better to establish how much real unemployment there is.

Jovanovic: Your first observation is not true. As for the second, it is now estimated that we have about 1.05 million unemployed, and it is certain that they are not all really unemployed. We cannot copy any bourgeois theories and categories, as we did in 1965 and has been shown to be fatal and erroneous.

STUDENT: It is not a question of bourgeois categories and theories, but of purely economic laws which are universal.

Jovanovic: It is not true that they are universal and that they may be economic laws under socialism. What does it mean when 500 people in a factory look upon the means of production as their own property rather than the property of society and do not allow the size of the labor force to be increased to 600, which would diminish their personal incomes by a certain percentage?

STUDENT: In 1968, 10,000 billion dinars were released directly into circulation. This is one of the places where we would expect to find the causes for the collapse of the 1965 economic reform.

Jovanovic: I am not thinking of creating additional jobs by printing money and creating additional inflation. No! But I mean even at the price of reducing the incomes of those now employed.

STUDENT: That is yet another blow to the poor worker.

Jovanovic: That is sentimental. The unemployed person is the one most to be pitied. The question is what has happened to the worker's solidarity with the unemployed, especially when the means of production belong to the unemployed just as much as to those who are employed? If we had all the foreign exchange in one place (2 out of every 3 dollars go into private pockets in our tourist industry), if all of this were made available to society, if the parallel importation of the same products were prevented, if competition among our exporters were prevented, we would realize a gain of at least \$3 billion. If we use that to import production supplies, in the present plants we might provide jobs for all our unemployed, who would be creating additional wealth, additional income, and it would not be necessary to cut back the income of those employed in order to create more jobs. Also, on the average our industry operates on 1.5 shifts (the "shift coefficient" is 1.48), and when we take into account that only part of Saturdays and Sundays are worked, it turns out that utilization of capacity in our industry is about 40 percent. Let us use this immense potential, and there will be work for everyone.

STUDENT: However, manpower is our most abundant, but at the same time most expensive productive resource. For every person employed there are some 15 payments which must be made to the government.

Jovanovic: That is not exactly right.

I Do Not Speak in the Name of Those up Above

STUDENT: Milos Macura, member of the academy, has established that empirically.

Jovanovic: Social service and government expenditure has been cut back to the minimum. Now only 3.5 percent of the social product goes for health care, about 4.1 percent for education, while the world average is about 5.8 percent. It is interest rates which are the intolerable thing for most of the economy.

STUDENT: And the outlays for government administration, SIZ's, funds....

Jovanovic: Even the SIZ's are ballast, but with their aggregate labor force of about 50,000 they do not signify any very enormous outflow, although in my opinion they are not necessary in their present form. As for government administration, by and large it does not constitute any large item. I am thinking of the fact that administration has a share of about 5-6 percent in the federal budget.

STUDENT: You delegates are the bond between the people and those up above. Are those (up above) aware at all that the people are in misery? Are you all together in thinking about this, and what in general have you been doing in these big rooms? (The interview was conducted in the Federal Office Building--author's note.)

Jovanovic: We should bear in mind that the working class of Yugoslavia is very heterogeneous. The working class in export organizations, in organizations which are realizing excess income, in the most highly developed

republics, live twice as well as those in the underdeveloped republics. Record inflation results in a horrifying stratification of society into those who are getting richer and richer and those who are getting poorer and poorer. The federal government, which has been conducting an inflationary policy under the influence of special interests, bears the greatest responsibility for that.

STUDENT: However, there are not many of those workers with excess income!

Jovanovic: The number is not so small. I don't know the exact figure, but a sizable portion of the population is getting rich. As for the previous question, I cannot speak in the name of those up above. And please do not draw a connection between me and "these immense rooms."

STUDENT: Fine. But most of the population has gotten poor.

Jovanovic: Not the major portion. Approximately one-third of the population has become poor, those people are on the edge of bare existence.

STUDENT: And in your opinion that is not very many?

Jovanovic: It is not a small number, but a portion of the population also has additional earnings. Many of them are also working on the side.

STUDENT: Since they have been compelled to work on the side!

Jovanovic: Yes, but that works out just right for them. This is additional work on which they do not pay taxes, so it brings in sizable income for a large number of people. This is not any sort of coercion which they object to.

STUDENT: ?!

Jovanovic: ...and then there are a large number of people who have ties to private agriculture....

It Is Not a Bad Thing To Work Overtime

STUDENT: That connection is highly debatable.

Jovanovic: It is not debatable! No one yet has gone to ruin by working.

STUDENT: ?!

Jovanovic: ...but only from poor earnings!

STUDENT: According to official estimates, a four-member family needs 4.8 million old dinars to survive. The average personal income is 3.7 million. Short a million!

Jovanovic: You cannot look at it that way. I said that some of the workers are working on the side, and some have ties to peasant agriculture. And then in quite a few cases there are two people in the family employed. In addition, these averages do not tell us anything. A nonsocialist rule has become established in our country to the effect that the rise of the cost of living is made up by raising personal incomes and pensions by an equal percentage.

STUDENT: Which means that additional work is not taken into account in our country?

Jovanovic: It is true that people have to work on the side, but that is not an evil....

STUDENT: Didn't we win the fight long ago for the 8-hour workday?

Jovanovic: Well, 8 hours is not any over strenuous workday....

STUDENT: Perhaps if we are talking about the Federation.

Jovanovic: In our country only those on the assembly line work 8 hours--all the others work much less.

STUDENT: How about those who do not have land and cannot work on the side?

Jovanovic: They represent somewhere around 30 percent. That is the percentage of the population that is on the edge of bare existence. Inflation has impoverished these people. The right way to help them is to radically bring down inflation and prevent the outflow of income from the underdeveloped regions into the advanced regions. The unemployed are in the worst position. They are second-class citizens, humiliated and disenfranchised.

STUDENT: And at the same time people in their best years with respect to physical and mental strength are living at their parents' expense.

Jovanovic: Yes. And for that reason we should not make references to Phillips and our own probourgeois economists, our economists who have taken up bourgeois ideas, who speak about technological surpluses. Those surpluses exist even in the capitalist world, where the employers could lay off a fourth of the labor force or indeed even a third at any moment and produce the same output! But the trade union does not allow it.

STUDENT: You are in principle against the market?

Jovanovic: No, no. Far from that. I am for a socialist planned economy with a market and full employment.

STUDENT: But you are against real parameters--exchange rates, interest rate....

Jovanovic: The exchange rate of the dinar is utterly unrealistic. Horribly undervalued! The purchasing power of the dinar is 30 percent greater than the

official rate of exchange. The owners of foreign currencies and domestic petroleum refiners have pushed it up and described it as the real exchange rate--which is deception pure and simple. This exchange rate policy has created a real chaos in our economy and society. Over the last 4 years the dinar has been devalued by about 547.8 percent against convertible currencies, while the anti-inflation program allowed for devaluation of 360 percent. To root for the present exchange rate is to root for someone's pockets. The cost price of petroleum is \$40 per ton, and it is being sold at \$230 per ton. The extra profit is \$190 per ton! The more expensive the dollar, the larger that extra profit. Last year the extra profit amounted to 20,000 billion old dinars! A fourth of the inflation has come from the horribly undervalued exchange rate of the dinar. So this is not a real category. Then this kind of freedom in setting prices does not exist anywhere on the globe. Nowhere. These price disparities at present are the largest in history.

The Irredenta Is Not in the Woods

STUDENT: That means that the self-managers are not competent to set the prices of their own products?

Jovanovic: Only in the time of primitive accumulation was the capitalist able to set prices independently, later this was never the case again. Even now that possibility does not exist.

STUDENT: But what about your "social price controls"? Self-managers are also society!

Jovanovic: There does exist the interest of the self-managers, everyone's interest to increase his income by pushing up the price. This is a futile race which is looked upon as madness throughout the world except Yugoslavia. But here, this is in someone's interest, and they have managed to preserve this system of rampant prices. Incidentally, it makes no difference to the ordinary citizen whether he is plundered by the capitalist or by our socialist self-manager. With respect to inflation we were in seventh place among 160 states of the world last year. The more advanced republics profit from that fishing in muddy waters, and the underdeveloped suffer.

STUDENT: Are there any taboo questions for Batric Jovanovic as a delegate?

Jovanovic: No, absolutely not!

STUDENT: Are you satisfied with the answers you are getting to your delegate interrogatories?

Jovanovic: I have never been satisfied with a single response.

STUDENT: Have you put follow-up questions in response to those answers?

Jovanovic: Every time I have said that I am not satisfied. Sometimes I said that I was disappointed and even embittered by the response.

STUDENT: It would seem that sometimes the purpose of your questions is not to get an answer, but to raise some issue.

Jovanovic: Yes, that is always involved.

STUDENT: How satisfied are you with the conclusions concerning Kosovo which you adopted in the SFRY Assembly a few days ago?

Jovanovic: There have been certain steps forward as compared to the past. I think that these steps are better. Yet they are an expression of the balance of power in the Assembly. There is resistance there, above all from the delegates from Kosovo, Albanians....

STUDENT: You think that they are under the influence of the Irredenta?

Jovanovic: I would not say that the influence comes directly from the Irredenta, but certain positions objectively play into the hands of the Irredenta. For example, their stubborn persistence to say nothing about the Bujane Conference, which was a separatist and Great Albanian trick. A fourth of the participants at it were from Albania, the official language was Albanian, the Serbs and Montenegrins represented only 12 percent of the representatives, although at that time they comprised 33 percent of the population of Kosovo and Metohija.... And ultimately the position was adopted of the secession of Kosovo and Metohija from Yugoslavia and its annexation to Albania. This was the answer to the decisions of the second AVNOJ session.

STUDENT: What happened to those who were responsible for that situation?

Jovanovic: The fighters of the Kosovo-Metohija Brigades have spoken about those who were most responsible....

STUDENT: Who were those most responsible people?

Jovanovic: The fighters proclaim Fadilj Hodza the most responsible for escalation of the Albanian separatist movement in SAP Kosovo. I do not use the phrase irredentism, since that term signifies return of some territory to a country it once belonged to. That cannot apply to Kosovo and Metohija. They never belonged to Albania.

STUDENT: "Tempo" says that the only solution to the present situation in Kosovo is martial law as in 1945. Do you share that opinion?

Jovanovic: The conclusion reached by the fighters is the way to solve the situation in Kosovo. They demanded that those who bear the greatest responsibility be called to account. They name the name of Fadilj Hodza as the one most responsible. The veterans have presented incriminating information about him in connection with the Bujane Conference, which he chaired. The veterans refer to that conference as a counterrevolutionary act. Moreover, he was also responsible for Yugoslavia's relations and supposed cooperation with Albania. That is how there came to be all but a governmental union between Kosovo and Albania, bypassing Yugoslavia. The veterans said that the most responsible

people did not receive any penalties whatsoever, and at the same time the young people who participated in the demonstrations were punished.

STUDENT: Who else is responsible for the escalation of Albanian separatism?

Jovanovic: Several other names were also mentioned at that meeting.

The Truth About Martinovic

STUDENT: Which ones?

Jovanovic: Ismail Bajra, Kurtes Salihu, and Hajredin Hodza....

STUDENT: How is it that the wife of Fadilj Hodza--Vahide Hodza, who was on the side of this country's enemies, and of whom there are even photographs, should have been the editor-in-chief of the publication "U vatri revolucije" [In the Fire of the Revolution]?

Jovanovic: That is indeed absurd, although many Yugoslavs were in quisling formations by choice or by force. So you exaggerate if you consider Vahide Hodza this country's enemy. To be sure, there are documents that she was in a quisling youth organization.

STUDENT: You, then, are against the institution of martial law in Kosovo?

Jovanovic: Yes! It is of key importance to reestablish real equality. Now the Serbs and Montenegrins feel themselves to be the minority there. As a matter of fact, the constitutional principle of equality has been enforced only in part. For example, the Serbs and Montenegrins represent 13 percent of the Kosovo population. They represent approximately 15 percent in the proportional breakdown of delegates in the Kosovo Assembly, in the LC, in the police, in the State Security Service, in the judicial system.... What would happen, say, if at the level of Yugoslavia Montenegro had 30 delegates in the Federal Chamber instead of 6? Would that be equality? If the equality of citizens in Kosovo cannot be guaranteed by the SAP, then this must be done by the SFRY! It can and it must do so. Since the SFRY Constitution states that the Federation must through federal authorities "protect the constitutionality established by this constitution," and since the government agencies in Kosovo are not able to guarantee peaceful and secure life and work for all citizens of the province, it is an absolute necessity to establish federal police stations in all opstinas where Serbs and Montenegrins live.

STUDENT: Where in your opinion is the center of the separatist movement--in the woods or in the existing institutions?

Jovanovic: I do not believe there is a single person in the woods. These are people who are citizens of the SFRY and of SAP Kosovo. It is logical to assume that they exist in all structures, and that is the main reason why the headquarters has not been detected. District and opstina committees--underground affiliates of the A/R--were recently detected.

STUDENT: The central (or provincial) committee has not been discovered.

Jovanovic: No, it hasn't. Here I agree with the statement made by Comrade Sinan Hasani, who says that all the analyses show that there is not some underground center guiding this movement. After all, if there existed a single center, those moves would not have been synchronized in that way over the entire territory.

STUDENT: Who is preventing the truth about Djordje Martinovic from being communicated to the public?

Jovanovic: Those who launched the false report are those who are not allowing it....

STUDENT: Who launched the false report?

Jovanovic: The provincial SUP and the Gnjilane District Court. They acknowledged to the working group of the Federal Executive Council last October that the report on 7 May about Martinovic's "self-inflicted injury" was fabricated. They did that, they said, out of "higher" motives in order to forestall the unrest that could have occurred in view of the brutal nature of that event. They concealed the finding and opinion of experts from the Military Medical Academy where Martinovic was treated; the Military Medical Academy established that Martinovic could not have inflicted the injury himself and that he is not a homosexual. The Kosovo team reported that Martinovic "probably inflicted the injury on himself." "Probably himself," but later they did not publish the report of a team of the most eminent Yugoslav physicians from the Military Medical Academy and the medical schools in Belgrade, Zagreb, Ljubljana, and Skopje. They were explicit to the effect that the injury absolutely could not have been self-inflicted.

Martinovic's wound has healed over, he now has an anus on the front of his body, and all of that is now suppurating.

STUDENT: In democratic countries the minister of justice would immediately submit his resignation.

Jovanovic: I demanded that we withdraw confidence from the federal public prosecutor. I think that we must withdraw confidence because of the disgrace upon the country's legal system from the federal secretary for jurisprudence and the president of the Federal Court as well. We must also indict and punish all people who participated in that deception, which takes the form of state terror: A man is proclaimed to be a homosexual because of some "higher" interest. What this actually says is that in our country the state at the level of the Federation is not functioning in certain areas. But under the SFRY Constitution federal authorities had the right and they must intervene, but they did not. That is a disgrace!

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